



NEWS SUMMARY

GENERAL

Thatcher
pledge on
homes for
foreigners

The Prime Minister said the Government would consider changing the law which gives homeless foreigners a right to housing on arrival in Britain.

Alexandra
Palace blaze

More than 200 firemen were fighting a major blaze at London's Alexandra Palace. The Great Hall was severely damaged.

But a weekend jazz festival scheduled to take place in the grounds is to go ahead.

Ayatollah plot

An alleged plot to bomb from the air the home of Ayatollah Khomeini in Iran has been uncovered.

Jets' near miss

A light plane nearly collided with a British Airways Boeing 707 taking off from New York's Kennedy Airport. Seconds later, a Trans World Airlines jet reported a near miss with the same plane.

No apology

Labour MP Jeff Rooker has refused to withdraw his allegations against Rolls-Royce. The company said his refusal damaged both it and British industry.

Miners' stand

The National Union of Mineworkers wants the trade union movement to refuse to recognise the Employment Bill, and is seeking a campaign of non-cooperation by the TUC. Page 10

Five extradited

Five West German women suspected of urban guerrilla activities were flown to Munich after being extradited from France.

Music talks

The BBC and the Musicians' Union will attend separate talks at the Advisory, Conciliation and Arbitration Service in an attempt to end their dispute. Page 10

Libel damages

Former Labour MP for Birmingham Selly Oak Tom Litterick received "substantial" damages for an inaccurate Press report suggesting he had provided for his family after the breakup of his marriage.

Mafia challenged

A Rome-based public works consortium has refused to pay the Mafia in Calabria Libya (\$505,000) in protection money to ensure completion of a highway in Southern Italy. Page 3

Tis a pity

A group of prostitutes in Lerida, Spain, had their claim to a 6.5m peseta (\$39,000) National Lottery win rejected, as they had bought a stolen ticket.

Briefly

Seven people were hurt when a car mounted the pavement at Rayleigh, Essex, scattering shoppers.
Doctors have called for a 25c charge for calling out ambulances to answer emergency calls.
Strike by Olympic Airways flight attendants was ended by Greek Government arbitration order.
Customs investigators seized three kilos of cocaine, worth more than £500,000, at Folkestone.
Tour de France favourite Bernard Hinault (France), the race leader, retired because of injury.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS	FALLS
Treas. 3pc 1985 .. 570 + 1	Vinten .. 152 + 8
Treas. 8pc 1987 .. 577 + 1	Waddington (J.) .. 138 + 8
Akroyd & Smithers .. 366 + 10	Walker (Jas.) N/V .. 76 + 6
Burnett Hallamshire .. 760 + 30	Strata Oil .. 118 + 17
Crouch (D.) .. 160 + 8	
Downing (G. H.) .. 124 + 11	
Dowty .. 227 + 8	
Ferranti .. 644 + 14	
FIN Samuel .. 138 + 9	
Home Churn .. 77 + 6	
Howard Tenax .. 93 + 44	
Howden Group .. 171 + 7	
ICI .. 36 + 4	
Merchandise Prop. .. 286 + 14	
Midland Bank .. 365 + 7	
Prince Wales Hotels .. 83 + 8	
Racal Elec. .. 275 + 7	
600 Group .. 65 + 4	
Stanhope General .. 200 + 40	
Tebbit .. 34 + 5	

BUSINESS

Gilts off
0.02;
Equities
unsettled

● GILTS marked time after Wednesday's late price rises. There were limited sales of the new 10-year Treasury 12 per cent 1997, which closed at 294. The Government Securities Index closed 0.02 down at 70.71. Page 40

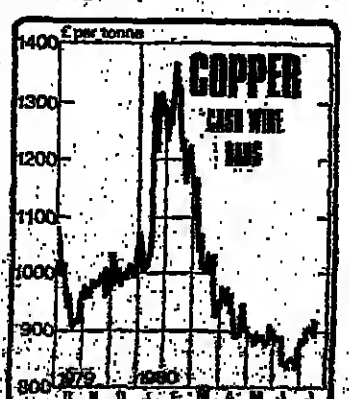
● EQUITIES were unsettled by the Imperial Group's lower profits forecast. The FT 30 share index fell 3.8 to close at 489.4. Page 40

● DOLLAR weakened in quiet trading, closing at DM 1.7380 (DM 1.7410). Its trade weighted index was unchanged at 82.8. Page 33

● STERLING gained 25 points to close at £2.3755. Its trade weighted index was unchanged at 74.4. Page 33

● GOLD fell \$3 in London to close at \$360.5. Page 33

● COPPER prices rose to their highest level since the end of April on the London Metal Exchange after reports of a



Peruvian copper workers' strike. The cash wirebar price increased \$20 to \$1915 a tonne. Page 39

● WALL STREET was down 4.10 at 893.17 near the close. Page 34

Union car sales
move by BL

● BL representatives and senior union officials are looking at ways of encouraging union members to buy the company's cars. Cheap loan schemes and cash reductions are being considered. Page 8

● EUROPEAN Court of Justice rejected an appeal by Distillers of the UK, which wanted the court to overrule an EEC ban on the company's two-tier whisky pricing system. Back Page

● POLAND is near to securing a \$300-\$350m loan on the Euro-currency market after discussions in London with leading international banks. Back Page

● SHORT BROTHERS of Belfast is to spend up to £15m developing a new enlarged version of its \$30 "commuter airliner". Page 7

● SECURITY PACIFIC, the second largest California bank, is planning a major entry into the UK mortgage market. Page 8

● OFFICE RENTS have stopped rising in many parts of the country according to more than 60 per cent of replies to a national survey by the Royal Institution of Chartered Surveyors and the Financial Times. Page 10

COMPANIES

● IMPERIAL, the tobacco, food and drinks group, ended the half year to April 30 with pre-tax profits up \$0.5m to \$66.5m. Page 26; Lex, Back Page

● SOTHEBY Parke-Bernet, fine art auctioneers, improved pre-tax profits from \$4.2m to \$4.5m for the six months to the end of February. Page 26; Lex, Back Page

OECD says battle against inflation 'seriously undermined' by oil price rises

Gloom on world economy

BY ROBERT MAUTHER IN PARIS

THE ORGANISATION for Economic Co-operation and Development, grouping the West's 24 most highly industrialised nations, yesterday painted a gloomy picture of the world economy over the next 12 months, mitigated only by a modest improvement in the rate of inflation.

In its six-monthly Economic Outlook, the Organisation's Secretariat said the progress made last year towards more balanced and less inflationary growth had been seriously undermined by a second major round of oil price increases in 1979-80. An important part of the depressing effect on output of these oil price rises had still to come through and the impact might be quite strong throughout 1981.

A price rise of more than 130 per cent since the end of 1978 had raised the area's net oil import bill by an amount

equivalent to 2 per cent of gross national product, had increased the general price level by several percentage points and might have reduced the OECD countries' real economic growth by as much as 5 per cent by the end of 1981, compared to what it otherwise would have been.

At a Press conference, Dr. Sylvia Ostry, head of the Organisation's Economics and Statistics Department, said the 5 per cent impact of oil prices on GNP was a "mind-boggling figure." But there were some grounds for confidence that the "growth recession" would be shallower than it was after the first round of oil price rises in 1973-74.

One of the brighter aspects of the present situation was that not all countries in the area were facing a recession, according to OECD calculations. While GNP was expected to fall

by 2 per cent at an annual rate in the U.S. over the next 12 months, it would remain roughly unchanged in western Europe as a whole and increase by nearly 4 per cent in Japan.

Wage behaviour, too, had been more moderate than after the first oil price rise, though the UK was one of the outstanding exceptions to the general trend. "The apparent success so far in absorbing real income losses from higher oil prices without a significant acceleration in money incomes is likely to be sustained," the report said.

The Organisation forecasts a moderate slowdown in consumer price inflation from a 12 per cent annual rate in the early part of 1980 to a little less than 10 per cent in the first half of 1981 for the area as a whole. Inflation among the larger member countries by the middle of next year could range

from an annual rate of 3.5 per cent in West Germany to 18 per cent in Italy, with even bigger differences between the rates of the smaller countries.

But the OECD stresses that, in spite of the expected slowdown in price rises, the underlying rate of inflation would remain too high, particularly in the U.S. In the circumstances, there was no alternative to maintaining tight monetary and fiscal policies.

If inflation in the industrialised countries appears to have passed its peak, unemployment is expected to jump alarmingly as the result of the sharp decline in economic activity. The Organisation forecasts that the number of jobless would increase in the area as a whole by as much as 5m over the next 12 months, reaching 23m, or nearly 7 per cent of the total labour force, by mid-1981.

The rise in the price of imported oil since the end of 1978 has played havoc with the area's current balance of payments deficit, which is expected to double between 1979 and 1980 to \$11bn. But Dr. Ostry found some comfort in the forecast that it would decline to an annual rate of about \$50bn by the first half of 1981 and that 40 per cent of the shortfall would be borne by the two strongest economies, Japan and West Germany.

An important factor in this improvement was the predicted increase in the industrialised countries' exports to the OPEC oil producers. Although the OECD area's payments for OPEC oil were expected to be about \$90bn higher in 1980 than last year, its exports to the oil-producing countries were also forecast to rise by \$50bn. Details: Page 2; Editorial Comment Page 24

Jobless
'to rise
75% in
Britain'

By Peter Riddell and Philip Rawstorne

UNEMPLOYMENT AMONG young people in the UK next year is likely to be 75 per cent above its average level last year, the Paris-based Organisation for Economic Co-operation and Development warns today.

The report forecasts that unemployment among young people aged between 16 and 24 is likely to have risen from 8 to 14 per cent between 1979 and 1981. Moreover, these figures exclude school leavers and adult students.

Youth unemployment is also expected to rise sharply in other industrialised countries, though by a smaller percentage than in the UK. The report warns that youth unemployment at the expected levels—13 per cent next year in the six largest industrialised countries—represents a "serious social problem."

Overall, the OECD expects that unemployment in Great Britain, including school leavers, will rise from about 6 per cent this year to a little above 8 per cent by mid-1981. This implies a total of roughly 1.9m in Great Britain, or about 2m for the UK.

This warning comes at a time when the Government is showing signs of increasing concern about the unemployment prospects, particularly for young people. Work is already under way on studies of possible improvements in training and work experience schemes.

The OECD report is broadly in line with other leading forecasts in projecting a sharp fall this year both in output—down 2½ per cent—and profits with a further decline in the first half of 1981.

A marked slowdown is also expected in the inflation rate. It is assumed that monetary restraint and rising unemployment will lead to a deceleration in the annual rate of earnings growth from about 20 per cent now to just over 15 per cent in the first half of 1981.

The annual rate of consumer price inflation is expected to drop from nearly 19 per cent in the first half of this year to just over 14 per cent in the first half of 1981.

Meanwhile, Sir Geoffrey Howe, Chancellor of the Exchequer, yesterday confirmed the Budget forecast that the 12-month rate of retail price inflation would fall to 16.5 per cent by November.

He told the Commons that Government orders for the annual uprating of pensions Continued on Back Page Parliament Page 11

SE report seeks
major rule changes

BY CHRISTINE MOIR

COMPANY LAW and Stock Exchange rules need substantial revision if the "cover" and "potentially inequitable" way in which De Beers Consolidated Mines built up a 25 per cent stake in Consolidated Gold Fields, is to be avoided in the future, said a Stock Exchange report published yesterday.

In a rare exposure of the workings of the Stock Exchange, a special committee, under Mr. Nicholas Assheton (sic), has drawn aside the curtains on an episode dubbed the "February dawn raid," which will prove highly embarrassing to the exchange.

The committee's report follows a four-month study of the way De Beers acquired 14 per cent of Gold Fields without disclosing its identity or registering its shares, and then bought a further 10 per cent in under half an hour in the market on February 12.

Both transactions involved the co-operation of two Stock Exchange member firms—Akroyd and Smithers, Jobbers, and Rowe and Pitman, which acted as De Beers' London brokers.

The first stage of the operation was possible only because of a weakness in UK company law which requires holders of 5 per cent or more of a company's shares to disclose their identity, yet fails to cover cases where several parties, acting in concert, each hold just under 5 per cent.

The transactions were also possible because of the ability of buyers to delay registration.

When it comes to the "dawn raid," conducted by Rowe and Pitman with the help of four jobbing firms, the report stops short of overt criticism of the parties and does not recommend such raids be officially proscribed in favour of formal partial bids.

The council did recommend a 30 minute halt in trading before a raid, and questioned

MAIN POINTS

- "Dawn raids" should continue to be allowed.
- Buyers should be free to acquire up to 50 per cent of a company's shares without having to make any form of bid either by tender or as a partial bid, but:
- Breaking firms carrying out the raid should announce it formally in the Stock Exchange.
- Raids should not start before 9.30, when the market opens.
- The Stock Exchange should suspend dealings for 30 minutes once the announcement is made.
- The broker should agree with the jobbers the price and amount of the raid by matching buyers and sellers and the amount the jobbers would "sell short."

whether Jobbers should be allowed to "sell short" (commit shares they do not already own), during a raid. These proposed changes will meet with considerable opposition.

Mr. John Robertson, senior partner of Wedd Dunscombe, Jobbers, said yesterday that the notion of a 30-minute trading halt had "not been thought through."

Unlike normal suspensions of trading, which precede an announcement, the delay would follow one and trading or "near trading" would take place off the floor during the halt.

The council itself is deeply split over jobbers' "selling short." Some believe they should be given unfettered freedom to do so, others believe that definite limits should be introduced—similar to those which apply when jobbers acquire shares for their books during a placing.

One dealer said yesterday that the jobbers believe "the spotlight is on us not to be greedy during a raid."

Throughout the report, the committee stresses that no party acted outside the law or broke any formal stock exchange rules. However, it consistently questions and exposes the details of an operation which "went as far as the law allowed, in the wish to maintain total secrecy."

Details, Page 8; Editorial Comment, Page 24; Lex, Back Page

UK fishing bans
ruled 'illegal'

BY RICHARD MOONEY

THE EUROPEAN COURT ruled yesterday that Britain had acted illegally when it imposed unilateral fish conservation measures in 1977 and 1978.

Details of the court's ruling will be considered by officials when received in London, the Ministry of Agriculture said. Meanwhile, existing UK regulations, imposed to prevent certain fish stocks being wiped out while a common EEC fisheries policy was negotiated, remain in force.

The British Government must decide whether to accept the ruling or defy the court as the French did earlier this year over its ban on British lamb imports. In previous cases, notably over potatoes and subsidies to pig producers, Britain has always abided by European Court rulings.

There is no appeal against European Court rulings but neither are there any penalties for ignoring them. The ruling covers the extension of a ban on fishing for the production of animal feed in the so-called "Norway Pond Box" and bans on herring-fishing off Northern Ireland and around the Isle of Man.

The court said these measures contravened the Treaty of Rome, the EEC's founding treaty. It said they were detrimental to other fishermen and caused considerable damage to another member state (Denmark).

They had been taken without consulting with the EEC Commission or seeking its agreement, it added.

Of these bans only the Pond Box extension remains as a unilateral measure. The other two have since been adopted by the EEC Commission. And even the Pond Box measure is not being applied at the moment because the British extension applies only between October and March.

In reaching its decision the court appears to have adopted the strictest reading of the Hague Agreement, 1976—allowing imposition of national measures—and assumed that prior Commission approval was needed. The British reading had been that the Commission was entitled to be consulted.

Background, Page 33; Men and Matters, Page 24

£ in New York

	July 9	Previous
Spot	\$2.3748-3755/\$2.3705-3715	
3 months	1.70-1.63 dls/£3.52-3.59 dls/£	
6 months	4.15-4.08 dls/£3.67-3.61 dls/£	
12 months	8.55-8.30 dls/£8.10-7.95 dls/£	

Ford slashes dividend

BY STEWART FLEMING IN NEW YORK

FORD MOTOR, which analysts predict could announce a second quarter loss of as much as \$500m (£210m) soon, yesterday slashed its third quarter dividend from \$1 to 30 cents in response to the tightening cash squeeze it is facing. The dividend is payable on September 2 to holders registered on August 1.

The New York Stock Exchange suspended trading in Ford shares before the announcement. The last transaction before suspension took place at \$26½, and the shares reopened later unchanged, reflecting the fact that investors have become accustomed to gloomy pronouncements from the recession-struck motor industry

and are well aware of Ford's cash problems. Philip Caldwell, chairman of Ford the second largest U.S. car manufacturer, bluntly spelled out the reasons behind the dividend cut. "Ford," he said, "is taking prudent steps to improve its financial position and cash flow, including previously announced programmes in North America to reduce annual operating costs by \$1.5bn and to conserve capital by reducing discretionary spending by \$2.5bn between now and 1984."

The company's capital spending requirements, which he said would average an unprecedented \$40n a year between now and 1984, made these steps

necessary in view of the declining profits and sales in the U.S. and the fact that "sales in some markets outside the U.S. are also suffering from the effects of economic downturns."

Some analysts have suggested that this year Ford could lose \$20m on its U.S. operations and the company is feverishly working to cut its costs. This week all but one of the U.S. plants have been temporarily closed.

On Wednesday, it emerged that the company was in very preliminary discussions with two Japanese rivals, Toyota and Toyota Kogyo on a possible joint venture in the U.S. in the small car market.

CONTENTS

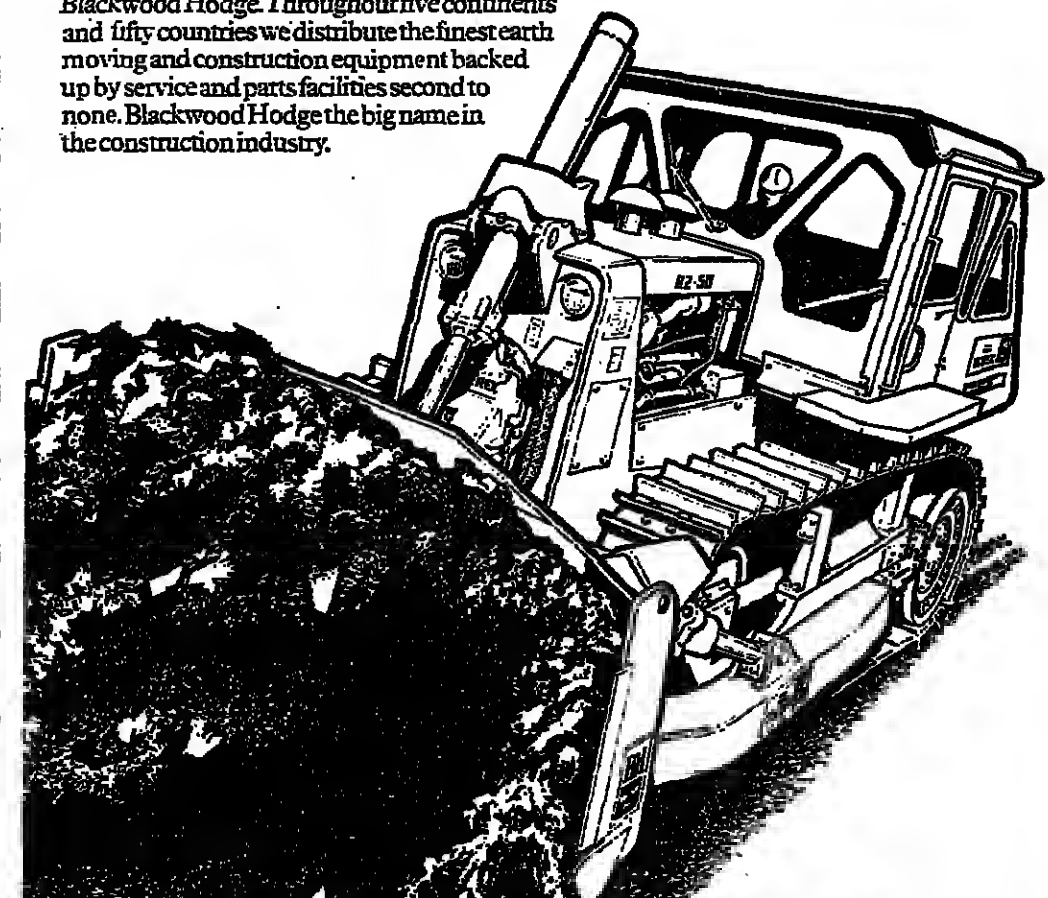
Newspapers: Fleet Street beats its breast again .. 24	Management: Ingersoll-Rand's innovation strategy .. 21
Politics Today: the Tories are too popular .. 25	Lombard: David Fishlock discusses nuclear parks .. 22
Energy Review: Overthrust Belt yields its secrets .. 4	Around Britain: few jobs for Telford's school-leavers .. 22
Labour's draft manifesto: a report by Elinor Goodman .. 11	Editorial comment: OECD report; share raids .. 24
Property: MBPC searches for U.S. investments .. 14	Survey: private sector steel .. 35-38
Quarterly poll .. 10	

American News .. 4	FT Actuarial .. 40	Share Information .. 42, 43	INTERIM STATEMENT .. 29
Appointments .. 32	Int'l Companies .. 30-32	Stock Markets:	ANNUAL STATEMENTS .. 29
Appt. Advts. .. 20	Leaders .. 25	London .. 40	Atlas Bros (Harry) .. 29
Arts .. 23	Letters .. 26	Wall Street .. 34	Ass. Brit. Foods .. 28
Bank Return .. 26	Lux .. 44	Bourses .. 34	Charter Cons. .. 27
Base Rates .. 28	Lombard .. 22	Technical .. 12	Compagnie Fran- .. 28
Bus. Oppts. .. 21	Management .. 21	Today's Events .. 12	Compagnie Fran- .. 28
Commodities .. 39	Men & Matters .. 24	UK News: .. 7, 8	Compagnie Fran- .. 28
Companies .. UK 26-29	Mining .. 27	General .. 7, 8	Compagnie Fran- .. 28
Crossroads .. 22	Money & Exchange .. 33	Labour .. 10	Compagnie Fran- .. 28
Current News .. 15	TV and Radio .. 15	James Finlay .. 28	Compagnie Fran- .. 28
Entertain. Guide .. 22	Parliament .. 11	Unit Trusts .. 41	Compagnie Fran- .. 28
Europe .. 2, 3	Property .. 14-18	Weather .. 4	Compagnie Fran- .. 28
European Options .. 28	Racing .. 22	World Trade News .. 6	Compagnie Fran- .. 28
			Compagnie Fran- .. 28

For latest Share Index phone 01-246 8026

WHEREVER
THE EARTH MOVES

Wherever the earth moves you will find Blackwood Hodge. Throughout five continents and fifty countries we distribute the finest earth moving and construction equipment backed up by service and parts facilities second to none. Blackwood Hodge the big name in the construction industry.



BLACKWOOD HODGE

The world's largest distributor of earth moving equipment.

EUROPEAN NEWS

Over £200m loss forecast for EEC synthetic fibres

By GILES MERRITT IN BRUSSELS

EUROPE'S man-made fibres industry is set to lose well over £200m (£210m) this year, although the dozen chemicals giants that make up the industry had originally expected to break even and end five consecutive years of losses.

The assessment has been made by the Paris-based Comité Interprofessionnel de la Rayonne et du Filre Synthétique (CIRFS), the industry's umbrella organisation. It blames the level of continuing losses on the specially competitive position of rival U.S. producers who have been making major inroads into EEC markets.

Thanks to the cheaper petrochemical feedstocks derived from domestic oil controls on oil and the CIRFS alleges that the U.S. industry has enjoyed a

built-in price advantage of about 15 per cent on polyester yarns and 10 per cent on acrylic staple.

In addition, U.S.-produced man-made fibres are also alleged to have been dumped on the EEC market. The European Commission has mounted anti-dumping probes into acrylic and polyester pricing practices and is due soon to announce tough measures to exclude unfairly low-priced polyester filament yarn.

CIRFS said yesterday that of the \$500m-plus in financial losses that will be declared by its member companies for 1980, over \$200m will be due to lost sales and depressed prices in the polyester filament yarn and staple market.

It added that these losses,

which are 40 per cent higher than 1979's combined losses are considered "conservative estimates." They do not take into account domestic economic conditions in the UK, notably the effect of sterling's strength on export sales in the second half of this year, nor the financial charges that the hard-hit Italian industry must still negotiate with its government.

CIRFS emphasises that the losses of the major producers will probably be spread fairly evenly across the board. Only the small specialty fibres sector is understood to be showing any profits this year. The six major areas which, in addition to polyesters and acrylics, include nylon carpet yarns and staple and polyamide, are all believed to be showing serious losses.

Tugendhat unveils 1981 budget close to Community limit

By WALTER ELLIS IN STRASBOURG

THE EXTENT to which the EEC is curtailing financial disaster was confirmed yesterday in the European Commission's 1981 budget proposals. Mr. Christopher Tugendhat, the Commissioner for budget policy, told the European Parliament here yesterday that his £13.25bn budget proposals would bring Community spending to within 0.05 points of the permitted limit.

The budget rules state that EEC spending must be financed from a maximum of 1 per cent of member countries' VAT receipts. In the case of this year's budget, the figure was 0.72 per cent of VAT. The 0.93 per cent proposed for 1981 leaves virtually no room for manoeuvre.



Mr. Christopher Tugendhat

Mr. Tugendhat's plan seeks to allow for all eventualities, but pushes so hard against the expenditure ceiling that one unforeseen crisis could be enough to take it through the roof. An unprecedented emergency would then have been created of a complexity greater than the UK's recent dispute on the size of its contribution to the Community budget.

The Commission said his proposals represented a 25.5 per cent increase on this year's budget. Spending on the common agricultural policy would take up 64.5 per cent of the total and he accepted that future economic changes in this sector would have to be found.

Admitting that his calculations could be upset by a

"generous" agreement on farm prices by the Council of Ministers, he pointed out that attacks on surplus milk production were already helping to reduce the burden of farm to a "superlevy" on milk should costs. A council commitment to a "superlevy" on milk should reduce outgoings by a further 175m u.a. (£107m).

If obligatory expenditure on the system of guaranteed farm prices did rise significantly, he said, the extra money would have to be found by cuts in other parts of the farm budget. Regional and social policies could not be put at risk and there was a general conviction that the 1 per cent VAT barrier could not be breached.

The Commission is also proposing a 10 per cent increase in social fund spending to a total of 1bn u.a. The regional development fund would receive 1.6bn u.a., 37 per cent more.

The Parliament will not give its response to the draft budget until its next session in September, but a long struggle is expected.

Moscow offers troop reductions

By Anthony Robinson, East Europe Correspondent

THE SOVIET delegate to the mutual and balanced force reduction (MBFR) talks in Vienna yesterday responded to last December's Western proposal for troop reductions by offering to withdraw 20,000 Soviet troops from its land forces in Central Europe.

The Western proposal was for the reduction of 30,000 Soviet troops in return for the withdrawal of 13,000 U.S. troops but the Soviet delegate, Mr. Nikolai Tarasov, claimed that the 20,000 troop Soviet offer was a "significant concession" in view of the unilateral withdrawal of up to 20,000 troops and 1,000 tanks from East Germany.

Two contingents

This withdrawal was announced by Soviet President Leonid Brezhnev in East Berlin last October and two contingents of troops and tanks have already been withdrawn.

Western delegates agreed to consider the latest Soviet offer and a counter-proposal is expected to be made before the current session ends for the summer break. A Western spokesman commented, however, that the Soviet offer "does not represent a comprehensive approach and covers only certain issues."

In particular the latest Soviet offer makes no reference to the vexed question of data agreement. Failure to agree on how to evaluate the number and quality of troops and equipment on both sides has been a major stumbling block throughout the seven years of negotiations so far.

No reference

Last December the Western side put forward proposals for a simplified agreement on data but the latest Soviet proposal makes no reference to it. Instead the Soviet side put forward proposals for a new mechanism to regulate the so-called "post phase two" withdrawal problems now under discussion.

APPEAL BY W. GERMAN MOTOR INDUSTRY

Japan urged to curb car exports

By KEVIN DONE IN FRANKFURT

WEST GERMAN motor industry leaders have joined the chorus of European car producers demanding greater restraint from Japanese exporters.

The Japanese have nearly doubled their share of the West German car market in the first five months of this year, and the impact of their push into the market has been increased by the surprisingly sharp fall in demand for new cars in the Federal Republic this year.

Herr Horst Backmann, president of the West German Motor Industry Federation, warned Japanese car manufacturers that the West German industry would be able to hold back demands for protectionist measures only if the Japanese reciprocated with a "more responsible and restrained export strategy."

The industry is still confident it can counter the Japanese challenge on a technological level. But doubt is growing about West German manufacturers' ability to live with Japanese car-makers' economic and social advantages.

Japanese manufacturers enjoyed a cost advantage of 20-25 per cent over German car-makers, Herr Backmann claimed.

The effective number of hours put in by a West German car

IMPORTERS SHARE OF THE WEST GERMAN MARKET						
	1970	1975	1976	1977	1978	1979
France	73.8	12.1	10.6	10.3	10.5	10.0
Italy	6.6	7.1	4.4	4.2	4.5	4.2
Japan	0.1	1.7	3.7	5.4	4.7	8.7
UK	0.6	0.2	0.5	0.6	0.5	0.4
Sweden	0.4	0.7	0.6	0.6	0.5	0.4
U.S.	—	0.1	0.3	0.6	0.6	0.3
Other	1.9	1.6	1.6	1.3	1.4	1.1
Total	22.5	24.9	21.9	22.9	22.8	25.1

Source: West German Motor Industry Federation

worker each year was lower than in any of the Federal Republic's competitor countries, while labour costs were among the highest.

The average wage costs (including social costs) of keeping a car worker employed were DM 25.00 (£8) an hour last year against only DM 15.00 an hour in Japan. At the same time, the number of hours worked annually in the West German motor industry had fallen to less than 1,600 hours for each worker, compared with about 2,000 in Japan.

Also, the number of days worked annually in the West German industry had slumped to 201 against about 275 in Japan.

Motor manufacturers are spending heavily to try to keep pace with the competitive challenge from Japan and other

producers. Capital expenditure is expected to rise this year to a record DM 9.5bn (£2.25bn), a third more than Japanese are spending — compared with DM 7.4bn in 1979 and DM 5.7bn in 1978.

After five boom years, a fall in car sales had been expected this year, but manufacturers have been surprised at the steepness of the decline. The one consolation has been the continuing strength of commercial vehicle sales.

According to the latest figures, car production fell by 9 per cent in the first six months of this year, to 197m vehicles, compared with 2.18m in the first half of 1979. The main slump has come in the domestic market where new registrations have fallen by 13 per cent in the first six months to 1.39m and a growing share

of these sales has been going to the Japanese.

Exports have held up well with a fall of only 1 per cent to 1.03m in the first half of 1980. But West German manufacturers fear export sales, too, will weaken over the next six months as they are caught up in the recession hitting other markets.

In the first five months of the year, imported cars have taken just over a quarter (25.1 per cent) of the West German market, compared with 22.8 per cent in the same period last year.

Japanese cars have nearly doubled their share to 8.7 per cent (4.7 per cent in the first five months of 1979), while both French and Italian producers — with 10 per cent and 4.2 per cent respectively — have seen slight falls in their penetration of the market.

Commercial vehicle sales and production are still to be hit by the recession and are being lifted from the continuing high level of capital investment by German manufacturing industry, and the strong demand from abroad.

Commercial vehicle output rose by 8 per cent to 179,400 vehicles in the first half of 1980, with exports jumping by 18 per cent to 103,900. New registrations in West Germany increased by 1 per cent to 93,100.

West Germany backs Spain on EEC entry

By ROGER BOYES IN BONN

WEST GERMANY has tried to reassure Spain that it will continue to back Spanish entry to the EEC despite considerable French anxiety about expanding the European Community.

This commitment was given, it is understood, during talks between Herr Hans-Dietrich Genscher, the German Foreign Minister, and Sr. Leopoldo Calvo Sotelo, the Spanish Minister in charge of EEC affairs. It is not clear, however, whether this will be enough to soothe Madrid, which last week accused France of putting "unjustifiable" pre-conditions on Spanish entry.

Sr. Calvo Sotelo's visit could not have come at a more sensitive time. Both President Valery Giscard d'Estaing and Mr. Raymond Barre, the French Premier, are currently in Bonn for regular Franco-German con-

sultations. Both men have indicated that they would be opposed to extending the Community to include Spain and Portugal before the EEC has decided on important changes in the Community financial and agricultural policies.

As these changes would involve ways of reducing the vast costs incurred by the Common Agricultural Policy, Spanish entry could well be delayed beyond the present target date of January 1, 1983.

Somehow Bonn has had to tread a middle path between the two positions. The line taken by Herr Genscher during his talks was apparently that discussions on budget and CAP solutions could be held in parallel with Spanish entry negotiations. This has the advantage of avoiding any hint of preconditions. It would also mean that Spanish and

Portuguese entry would actually put pressure on the rest of the Community to find a solution, if non had been reached by 1983.

The problem of Spanish and Portuguese entry was also discussed yesterday afternoon between Herr Genscher and M. Jean François Ponslet, his French counterpart. Mr. Barre is also believed to have raised the question during talks with Chancellor Helmut Schmidt.

Germany's position has not been helped by the leak this week of the secret minutes of Chancellor Schmidt's talks with the Kremlin leadership in Moscow. These showed that the Soviet side had urged Germany to ensure that Spain was not admitted to the NATO Alliance.

None the less, Bonn is clearly adamant that Spain should join NATO and the Chancellor indi-

cated as much during talks in Madrid earlier this year, as did President Jimmy Carter. But as far as the EEC is concerned, Spanish officials evidently need rather more reassurance, especially in the light of the close Franco-German friendship.

Carter clears airline merger

WASHINGTON — President Jimmy Carter has decided to allow the takeover of Seaboard World Airlines by Tiger International, the U.S. freight airline. The merger, which was previously approved by the Civil Aeronautics Board, can now go into effect as early as this Saturday.

OECD ECONOMIC OUTLOOK

Modest growth prospects next year

THE 24 NATIONS within the Organisation for Economic Co-operation and Development face declining Gross National Product in the latter part of this year with, at best, only modest growth next year, according to the OECD's bi-annual Economic Outlook published today.

One of the few bright spots on the horizon is a moderate deceleration of consumer price inflation as a result of the general switch to restrictive monetary and fiscal policies. Unemployment is expected to jump further to nearly 7 per cent of the labour force by mid-1981. Productivity will fall during the rest of the year. And the OECD as a whole will continue to run a very large deficit on its combined current account balance of payments.

The OECD Secretariat says that economic performance in 1979 was reasonably satisfactory on a number of fronts, with GNP growing at around 3.5 per cent, domestically generated inflation at around 7.5 per cent, and employment increasing. Progress towards less inflationary and better balanced growth was interrupted by the second massive rise in world oil prices. This helped the acceleration in consumer price inflation from

around 8.25 per cent at an annual rate in the first half of 1979 to around 12 per cent in the first half of 1980.

It also had an overall deflationary effect by increasing the quantity of goods and services which have to be exchanged for each barrel of oil.

This deflationary influence is being reinforced by the necessary tight monetary and fiscal policies being pursued in virtually all OECD countries.

The Secretariat forecasts that the growth of real GNP in the OECD area will fall to about 1.25 per cent in 1980 compared with 1979. This follows real growth of 3.4 per cent and 3.9 per cent respectively in the previous two years.

After growth at a seasonally adjusted annual rate of 1.5 per cent in the first half of this year, GNP is expected to fall by 1 per cent in the second half. Growth of about 1 per cent is forecast for the first half of 1981, so by the middle of next year the level of GNP

may be no higher than at present.

Consumer price inflation is likely to drop slightly below 10 per cent in the first half of next year compared with the 12 per cent seen earlier.

The Secretariat says if adjustment is made for seasonal variations, the annual rate of growth of OECD prices rose to 16 to 17 per cent in the first quarter this year. But this inflationary outburst is likely to be shorter than after the first oil shock in 1973-74.

The growth of real wages follows productivity gains and changes in the area's terms of trade.

Wage rounds have been moderate in most countries, particularly in the U.S., Japan and West Germany. "The broad policy aim of preventing the oil induced deterioration in terms of trade from worsening the wage/price spiral appears to have been quite successful to date."

A further acceleration in the unemployment rate is expected, despite a decline in productivity while the number of people out of work on the OECD area is likely to climb to over 23m—or nearly 7 per cent of the labour

force—by the middle of 1981.

Higher oil prices depressed domestic OECD demand, while forecast rapid growth of exports to OPEC countries is likely to improve the OECD's real trade balance in 1981.

However, the overall current account will still be in large deficit, compared with near balance in 1978. It has been running at nearly \$100bn (£42.7m) during the early part of this year, but could decline to below \$50bn (£21.3m) by the first half of 1981.

Almost all the OECD countries are expected to run current account deficits in 1980. The seven largest account for half this shortfall. Japan and Germany taking two-fifths. The U.S. may be in approximate balance.

Over the next 12 months growth is expected to fall by 2 per cent in the U.S., to be roughly unchanged in Europe but to increase by close to 4 per cent in Japan. Inflation among the larger countries could range from 3.5 per cent in Germany to nearly 16 per cent in Italy.

If the OECD economy is not subjected to further large shocks over the next 12 to 18 months, it may reasonably absorb the latest rise in oil prices. However, disruption of oil markets could weaken consumption in relation to real income if consumers sought to maintain the real value of their savings. Additionally, heightened uncertainty could lead firms to reduce their planned investment.

The Secretariat makes several policy recommendations for dealing with unemployment, rapid inflation and declining real income per head.

It says there is no realistic alternative to giving continued priority to containing inflation through tight monetary and fiscal policies.

As regards international payments and monetary questions, OECD countries will inevitably have to accept a substantial share of the OPEC surplus for some time to come. "An encouraging feature is that Germany and Japan are carrying a large part of the area's total deficit and may continue to do so."

Threat against GM-H deferred

THE NEW South Wales State Government has deferred a decision on what action it must take over the decision of Australia's largest motor vehicle manufacturer, General Motors-Holden, to close its plant at Pagewood, Sydney.

REAL GNP GROWTH IN OECD AREA

	Percentage changes seasonally adjusted at annual rates			From previous year			From previous year		
	From previous year			1979			1980		
	1978	1979	1980	I	II	I	II	I	II
U.S.	4.4	2.3	-1	1.3	1.5	-1	-4	0	0
Japan	6.0	5.9	5	6.5	6.3	6	3	3	3
Germany	3.5	4.4	2	4.2	3.9	2	-1	1	1
France	3.3	3.2	2	3.2	4.3	1	1	1	1
UK	3.5	1.7	-2	2.4	-0.8	-2	-4	-1	-1
Italy	2.6	5.0	3	5.1	5.5	5	-2	-3	-3
Canada	3.4	2.9	1	3.1	1.6	1	-1	2	2
Total of above	4.2	3.5	1	3.2	3.0	1	-1	1	1
Other OECD	2.2	2.9	1	3.3	2.3	1	1	1	1
Total OECD	3.9	3.4	1	3.2	2.9	1	-1	1	1

OPEC surplus declines as exports drop

The current account surplus of the Organisation of Petroleum Exporting Countries is expected to decline markedly next year, according to the OECD's forecast. This results from a drop in oil export volume in the face of weak OECD activity and higher prices, as well as a sharp rise in OPEC import volumes.

Between 1978 and 1980, the OPEC current account position will have moved from an overall surplus of \$110-\$120bn (\$46-\$51.2bn). It would peak at \$120-\$130bn (\$51.2-\$54.8bn) in the first half of 1980.

Despite the decline thereafter, the OECD says that the surplus in the first half of 1981 is still expected to be considerably greater than that estimated for 1979.

The aggregate current deficit of non-oil developing countries may double between 1978 and 1980, and widen further to a \$60bn (£25.3bn) annual rate in the first half of 1981.

The OECD points out that the rapid expansion of OPEC economies since 1973 caused the invisible surplus in OECD countries to grow substantially. Exports of high technology services to the oil exporters have offset growing investment income payments related to the current account surplus accumulated by OPEC.

A further significant increase in the OECD invisible surplus is forecast for 1980.

Private consumption likely to be hit

THE U.S. faces a decline in real economic activity in 1980 and virtual stagnation in 1981, according to the OECD Secretariat. This is a result of deflationary fiscal policies, the passing-on of the oil price increase and tight monetary conditions.

Between the first half of 1980 and 1981, real GNP is forecast to decline by 2 per cent. The downturn in the second half of this year is likely to be even more intense, with a fall in GNP of 4 per cent expected, compared with the first six months of 1980.

Lower inflation

Imports are forecast to decline in line with domestic activity, and the current account deficit is expected to be eliminated in the course of the year, with a surplus of around \$7bn (£2.9bn) at an annual rate in the first half of 1980.

Inflation is likely to drop to an annual rate of 9 per cent in the first half of next year from 11.5 per cent in the first half of this year and 11 per cent in the second half.

The main force of deflationary influences will be felt in residential construction and private consumption. Housing starts are unlikely to return to an annual rate of over 1m units until the final quarter of 1980 despite an annual demand of 2m.

Higher unemployment, weakness in house prices, and restrictions on consumer debt all point to increased personal savings. The savings ratio is expected to rise from 3 to 3.5 per cent in the first quarter of

Slowdown forecast in UK earnings

A MARKED slowdown in the rate of growth of earnings and prices in the UK is expected to occur over the next year according to the OECD.

The detailed forecasts assume that monetary, restraint and rising unemployment will lead to a slowdown in the year-on-year increase of average earnings — from about 20 per cent in the first half of this year to some 10 per cent in the first half of 1981.

Total profits, and particularly those in manufacturing, may fall to below the previous 1975 low, thereby exerting a strong dampening effect on prices.

Similarly, the expected marked deceleration in import prices from an annual rate of about 27 per cent in the first half of this year to a little less than 10 per cent in the first half of next year is expected to restrain the rise in consumer prices.

The annual rate of increase of consumer prices may slow from almost 19 per cent in the first half of this year to just over 14 per cent in the first half of 1981. These annual rates of change refer to the rise since the previous half-year.

Fixed investment stocks are expected to decline, and total output, as measured by real Gross Domestic Product may fall by about 2.25 per cent this year (2.5 per cent excluding North Sea oil) and a little over 1 per cent in the first half of 1981 (1.5 per cent excluding North Sea oil). The decline in manufacturing production will probably be steeper.

Unemployment in Great Britain, including school leavers, is expected to rise from about 6 per cent this year to a little above 8 per cent by mid-1981.

Exports are expected to decline over the next year, though imports may be rising again. While the current account deficit may be smaller than last year, a deficit of just over £1bn is expected this year and a similar annual rate in the first half of next year.

FINANCIAL TIMES, published daily Sundays and holidays. Subscription rates: £22.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing offices.

Germany's giants tighten grip on home market

By Roger Boyes in Bonn

A SERIOUS gap is opening between West Germany's industrial giants and the small businesses which are being absorbed increasingly or edged out of the market by the larger companies.

That warning has come from the Monopolies Commission which made clear in its 1978-79 report released yesterday that large companies are increasing their hold on the domestic market. It is feared that this concentration of power could distort true market competition considerably.

The Commission, which acts as a kind of watchdog over the Federal Cartel Office, said the 100 largest companies (according to turnover) recorded a total sales turnover of DM 564bn (£155bn) compared to DM 327bn in 1972. Their share of the turnover of all West German companies thus increased to 24.2 per cent compared to 21.7 per cent in 1972.

Moreover, the report shows that a gap is opening even among the leading companies. The top six, which include Veba, the oil group, accounted for 23.3 per cent of the turnover of the top 100 concerns. In 1972, the leading six's share was under 20 per cent.

This expansion is being carried out principally at the expense of small companies, as is clearly demonstrated in the recently issued merger statistics of the Cartel Office.

The Office is one of the world's most active anti-trust agencies and is designed principally to monitor mergers

exempted from control mergers between large concerns and small companies with a turnover of less than DM 50m.

According to Cartel Office estimates, 224 mergers escaped control for this reason last year—that is, large companies could, with impunity, take over small and medium-sized businesses, providing the merger did not immediately create a "market dominating" force.

However, an amendment to the cartel laws which came into force this year means the Office can start anti-merger proceedings if a company with turnover of more than DM 1bn tries to take over a company with sales of DM 4m. Industry complained loudly about this but the Economics Ministry said yesterday that the move had been fully justified by the figures on the concentration of the economy issued by the Monopolies Commission.

The Commission, however, would like to see the Cartel Office given far sharper teeth. Mergers increased dramatically in the 1970s. Only 30-60 mergers a year were notified to the Office in the 1950s and 1960s but since controls formally came into force in 1974 some 2,900 projected mergers have been registered. This is partly because of the various structural crises which led to the takeover of smaller companies and increasing rationalisation. At the same time, the trend reflects the relatively large amounts of cash available to companies after the tough reconstruction period of the 1950s and 1960s.

Extortions by Mafia challenged

By Rupert Cornwell in Rome

CHALLENGING the ever-widening power of the Calabria Mafia, a Rome-based public works consortium has publicly refused to pay Libia (£595,000) in protection money to ensure completion of a 25-mile superhighway across the tip of Southern Italy.

The affair has come to light amidst a wave of intimidatory killings by the Mafia which has long blighted development in the depressed south. Recently, 11 people have died there in Mafia-related assassinations. The murder rate in Calabria is three times the national average, while in Gioia Tauro it is higher than New York's.

The Communist Party has been in the forefront of attempts to break the tightening stranglehold of the Mafia, especially in the province of Reggio Calabria itself.

Now a construction group, Salcos, is also digging in its heels. For 18 months the Mafia has been besieging the highway it is constructing, stretching from Gioia Ionica on the Ionian coast to Rosarno in the Gioia Tauro plain in the West.

Directors of Salcos have sent a copy of a letter demanding the Libia to Sig. Virgilio Rognoni, the Interior Minister. A request for armed police or military protection has yet to be granted.

Jimmy Burns writes from Lisbon on the ruling coalition's candidate for President Portugal prepares for a battle of generals

A MASS rally in Oporto last Saturday launched Gen. Antonio Soares Carneiro as the Portuguese ruling coalition's official candidate for the presidential elections later this year.

That the temperature of Portuguese politics has risen since then was not totally unexpected. The presidency, by its very nature, deeply involves party politics. The head of state wields considerable power: he can, for instance, dismiss a Prime Minister or declare a state of siege. What caused the surprise was the timing of the announcement and the Government's choice of candidate.

Gen. Soares Carneiro gave his first Press conference last month, and is now making regular appearances up and down the country. His posters, ironically taken by the personal photographer of Gen. Antonio Ramalho Eanes, Portugal's current President, have already been printed and will go up on the walls in the next few weeks. Government officials claim that, by the end of the summer, the little-known Gen. Carneiro will have become the well-known Gen. Carneiro, and that his forceful personality will strengthen the general election campaign of the ruling Democratic Alliance.

President Eanes came to power in 1976 but the ruling coalition has become disaffected with what they believe to be political incompetence on his part. He is also accused of being too lenient in his dealings with the Left. If President Eanes stands, it will be as an independent with the tacit backing of the Socialists. But Gen. Carneiro's early

entry into the presidential campaign has contributed little to the Government's preferred image of itself as a force for consensus and stability, already being strangled both by the unions and within Parliament.

Gen. Carneiro has gone out of his way to dispel the notion that his connections with the old Salazar dictatorship make him a potential Portuguese equivalent of Chile's President Augustus Pinochet. Gen. Carneiro is president of the Association of Commandos, Portugal's elite troops who were formed to fight guerrillas in the former colonies.

Before the 1974 Portuguese revolution, Gen. Carneiro was governor of Luanda, the capital of Angola. More recently he has been associated with the formation of a crack anti-terrorist squad and with the resurrection of the secret police, disbanded in 1974.

At Gen. Carneiro's first Press conference, he paid allegiance to the April 25 revolution, and made an impassioned appeal for conciliation.

But during question time, he stressed two points which revealed him in a less conciliatory light.

The first was that President Eanes had lost his popular mandate, and should renounce any ambition to stand for a second term both as chief of state and chief of staff. The second was that the Portuguese Communist Party was totally dominated by the Soviet Union and essentially undemocratic.

Gen. Carneiro thus pledged himself, as a future President, against any pact with the Communist Party. Leadership, although he stopped short of



Gen. Carneiro: no pact with Communists

threatening to outlaw the Communists altogether.

President Eanes has not publicly declared whether he will stand, although he has hinted consistently that he will. There is considerable pressure on him not to. Alliance officials argue that he has effectively been made redundant by the appearance of Gen. Carneiro.

The candidate's policy statements, particularly his commitment to the North Atlantic Treaty Organisation, the European Community and the armed forces' withdrawal from politics, bear a striking resemblance to President Eanes' own election programme in 1976.

President Eanes, however, has ample reason to stand firm. The President has implicit

backing for his candidacy from Portugal's major Opposition party, the Socialists. They have come out openly against Gen. Carneiro, and have refrained from presenting an alternative candidate. They have not openly backed President Eanes for tactical reasons, recognising the dangers of having him linked publicly to any one party, when his main strength remains the theoretically apolitical and "national" character of his present office.

Indeed, there are indications that public opinion on the presidential issue bears no direct correlation to last December's general election results. Opinion polls continue to emphasise Gen. Eanes' popularity as President, as well as the widespread support for the governing coalition. This has persisted despite the growing cleavage between Gen. Eanes and the Democratic Alliance.

The situation is certainly a great deal more complex than Carneiro's supporters would have people believe. It has been made no simpler by the candidate's open defiance of the Communist Party, which last December won 19 per cent of the vote, and which still controls the unions.

By striking such an uncompromising attitude, Carneiro has gone further than the Government in trying to polarise Portuguese politics.

As an alternative to this, President Eanes faces the delicate task of holding part of the Social Democratic centre alongside the allegiance of the Socialists without allowing himself to be branded as the "Communist candidate" by the

Opposition. The Communist Party itself has taken no firm stand on the presidential race, other than a predictably virulent attack on Gen. Carneiro.

President Eanes is marking time before taking a major initiative either way. In the meantime, however, political allegiances are shifting without him. In the past month, he has lost two important allies to Gen. Carneiro's camp: Sr. Carlos Mota Pinto, the former Prime Minister, and Sr. Francisco Sousa Tavares, a former Socialist who edits the influential afternoon daily A Capital.

On the other hand, members of the governing alliance are uneasy about choosing a top-ranking army officer for presidential candidate just a few months after Sr. Francisco Sa Carneiro, the Prime Minister, had vowed to remove the armed forces from politics.

These divisions on the right have been aggravated by Gen. Pires Veloso's decision that he will also stand. Gen. Veloso is the former military commander of the Northern Region, who earned considerable prestige in 1975, when his troops helped put down an attempted uprising by the extreme left wing. He still commands considerable respect, particularly among conservatives, and is therefore a potential threat to Gen. Carneiro.

Despite the initial optimism generated by last December's sweeping election win by the Democratic Alliance, Portuguese politics today are as fluid and unpredictable as at any time since the revolution. The prospect of three well-respected generals being brought into a bitterly fought presidential campaign adds to the uncertainty.

Sharp drop in production signals French recession

By Terry Dods in Paris

A SHARP drop in French industrial production over the next six months was forecast yesterday by INSEE, the National Statistical Office, in its half year report, which underlined the beginning of the expected recession in France.

The study stressed that the decline in industrial activity of 4 in 5 per cent over the six month period, had already begun. It also forecast that unemployment, standing at 1.47m at the end of May, would rise further, although it refused to predict a figure.

INSEE believes that the downturn in industry will not be as marked as in the 1974-75 period, when French companies suffered a drop in output of 11 per cent in the wake of the first oil crisis.

One of the factors which should help sustain activity is

the currently strong trend in investment. Expenditure is being sustained by the healthy cash position of most companies, and continuing spending by the industrialised public sector.

The statistics office expects France's trading position to improve, reversing the rapid deterioration in the trade balance, which led to a deficit of FF 25bn (£256m) over the first five months of the year. By the end of 1980, INSEE expects exports to have covered some 95 per cent of imports.

Retail prices, after rising rapidly in the first half of this year, will begin to decline because of increased competition. After an increase of 15 per cent at the end of June, retail price increases should be down to an annual rate of 12 per cent by the end of 1980.

Swiss fiduciary tax pledge

By Bru Khindaria in Geneva

UNDER PRESSURE from the Swiss Bankers Association and Conservative MPs, the Government has promised that a planned withholding tax on fiduciary accounts managed by Swiss banks mainly on behalf of foreigners will not exceed 5 per cent at any time in the future.

The Government yesterday submitted its proposals for the 5 per cent tax to Parliament but can expect a difficult passage. Conservative MPs are already saying that the tax cannot be justified legally and is politically motivated. It is estimated to raise additional revenues of SwFr 150m (£45m) a year.

Fiduciary accounts are deposits held in trust by Swiss banks and invested on behalf of clients without engaging the Swiss banks' responsibilities. The central bank estimates that the total size of such accounts rose from about SwFr 57bn (£17bn) in 1976 to about SwFr 86bn (£25bn) in 1979, and to more than SwFr 100bn (£30bn) in the first half of this year.

The question now being asked of Mr. Willi Ritschli, the Economy Minister, is whether the Government can legally impose a tax on interest revenue earned outside Switzerland by foreigners—merely because a Swiss bank acts as an intermediary.

Now! From the start! High 'long term' interest without a 'long term' decision.

Leicester Option Bonds

12.89% = 18.41%

OPTION

OTHER SCHEMES START HERE

Everyone starts at the top.

You do not have to choose your term because, unlike some other "escalator" or "convertible" schemes, all Leicester Option Bonds receive the top rate right from the start—currently 12.50%. Leave the half-yearly interest in your Bond and the return is equal to an annual rate of

***12.89%—worth 18.41% to a 30% basic rate tax payer**

The interest rate may vary but we guarantee to pay 2% above our ordinary Share rate if you keep the Bond for five years. You do not have to stay in for five years though. That's the special benefit of Option Bonds.

You can opt out after two years.

At any time after the initial 18 months you may give six months' notice of closure. If you withdraw your Option Bond within five years, normal interest will not be paid or credited after the end of the month in which you give notice. However, we guarantee that the interest rate above the Share Account rate—from the date of investment to the date of repayment—will not be less than:

	Guaranteed Rate above Share Account Rate %	Current Interest Rate %
Closure on or after 2nd Anniversary	.75	11.25
Closure on or after 3rd Anniversary	1.00	11.50
Closure on or after 4th Anniversary but before 5th Anniversary	1.50	12.00

Or stay on longer than five years.

You may ask for repayment on the 5th anniversary otherwise your Option Bond goes on earning the extra 2% subject to three months' notice of closure by you or the Society.

Choose growth or income.

You can invest any amount from £100 in Leicester Option Bonds up to the new maximum shown in the coupon. Half-yearly interest can be added to the Bond, credited to a Share or Deposit Account or paid to you or your bank. If your investment is £1,000 or more you can have your interest paid to a bank account each month to provide a regular income.

How to get your Option Bonds.

Apply to any of our 200 branches or 1500 agencies throughout the UK or use the coupon below.

To Leicester Building Society, Oadby, Leicester LE2 4PF. 183

I/We enclose cheque for £..... (minimum £100) to be invested in Leicester Option Bonds. I/We understand that the investment cannot be withdrawn (except in case of death) for a minimum period of two years.

☐ Tick here if you require interest to be paid monthly to your bank account (£1,000 minimum investment).

☐ Tick here if you would like further details of Leicester Option Bonds.

FULL NAME(S)..... DATE.....

ADDRESS.....

SIGNATURE(S).....

All new accounts are subject to completion of the Society's formal declaration card. Maximum total holding in the Society is £20,000 for an individual, £40,000 in joint accounts.

Leicester Building Society

FINE MILD 29p

PANATELLAS each cup.

Pack of 5 x 14.45 rrp. Also in Drums of 25. Ask for them at your tobacconists & local pub.

KING EDWARD

PANATELLAS

AMERICAN NEWS

Chile considers 5-year transition to civilian rule

BY MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet, Chile's military leader, would remain in power without elections during a five-year transition to civilian rule under a draft constitution published here yesterday.

A draft of the proposed new constitution for Chile has been delivered to General Pinochet for approval, and should be submitted to a plebiscite "within the near future" according to officials.

Chile's old constitution was effectively abolished after the September 1973 military coup which overthrew socialist President Salvador Allende and ended the country's 40-year tradition of elected civilian government.

The draft constitution has been prepared in secret by a state council headed by former presidential candidate, Sr. Jorge Alessandri, who delivered the document to General Pinochet this week. Sr. Alessandri and other members of the council are rigidly conservative in their outlook and enjoy the confidence of General Pinochet. Nevertheless, the proposed constitution has been criticised by extreme right-wing Chileans such as General Pinochet's daughter, Sr. Lucia Pinochet Hiriart, who has charged that the document does not represent the views of her father.

Sr. Pinochet Hiriart, who is said to wield considerable influence over her father and within the regime, has publicly urged that future Chilean presidents be chosen by "a group of persons with great casuality and moral rectitude."

If the proposed document passes General Pinochet's inspection, it would be submitted to a plebiscite for approval and would go into effect 180 days following the plebiscite.

The draft provides for a transition period of five years after the new constitution goes into effect, which would effectively prolong General Pinochet's rule



Gen. Pinochet... studying draft.

for this period. No elections would be held during the transition and members of the Chilean Congress would be appointed by General Pinochet.

The first general election to a chamber of deputies would be held 180 days after the transition period ends. Members of the senate would be elected four years later. There was no word on when presidential elections might be held, although the proposed constitution does provide for the direct election of the President.

In the event that no candidate wins a majority, Chile's Congress would select the winner from the two candidates receiving the most votes. Presidents would serve six year terms, and would be prohibited from re-election immediately following their first term of office.

Significantly, the constitutional draft does not prohibit the first elected President from succeeding himself, possibly opening the way for the present regime to prolong its influence. General Pinochet earlier this month said he would remain in power until his Government had "consolidated its goals."

Successes embolden Republican right wing

By Jurek Martin, U.S. Editor, in Washington

CONSERVATIVE Republicans, emboldened by their substantial victories in shaping the Party's electoral platform on social issues, will try hard next week to ensure that Mr. Ronald Reagan chooses a Presidential running mate to their ideological liking.

On Wednesday night in Detroit, Mr. Reagan's advisers succeeded in slightly watering down the language of the platform on the Equal Rights Amendment for Women. But the compromise, which acknowledged both sides of the argument, insists that ratification of the ERA is a matter for individual states to decide, without Federal interference, and, as such, constitutes a repudiation of the party's 40-year support for the amendment.

The platform committee also put the party firmly on record as favouring a constitutional amendment to ban all abortions, which happens to be Mr. Reagan's position as well.

In both cases, the committee votes were so lopsided that supporters of the ERA and free choice for women on abortion doubted that they could even muster a floor fight on the issues at next week's convention.

Immediately, several conservative pressure groups let it be known that they would oppose the selection of either Senator Howard Baker from Tennessee or Mr. George Bush, Mr. Reagan's last opponent in the primaries, for the vice presidential spot, mainly because of their previous public stands on the ERA and abortion.

The conservatives would like Mr. Reagan to select Mr. Jack Kemp, the New York Congressman. Reagan himself, and author of the 30 per cent three-year tax cut proposal, or Senator Richard Lugar from Indiana, though his recent support for aid to Nicaragua did not sit well with the right wing.

But Mr. Reagan is playing his cards close to his chest, partly to preserve what looks like being the only real element of suspense next week. He is due to name his running mate on Thursday morning.

David Buchanan adds from Detroit: A Reagan Administration would not fundamentally downgrade current U.S. ties with China nor would it be committed to re-establishing diplomatic relations with Taiwan. Mr. Richard Allen, Presidential candidate's top foreign policy advisor, said here yesterday.

Mr. Reagan's Far East policy has sparked fears in Peking that if elected he would turn the clock back on ties developed during the Carter Administration. He has criticised Mr. Carter for cutting ties with Taiwan as the price of normalising relations with Peking in January 1979.

But yesterday Mr. Allen insisted Mr. Reagan had been misquoted as wanting to reverse the present situation

Mary Helen Spooner, in La Paz, reports on problems facing the election winner

Heritage of chaos for Bolivia's new leader

DEMOCRACY, as Bolivia's interim President, Sr. Lidia Gueiler, remarked last month, sometimes carries a very high price. The country, which has just made its third attempt in two years to elect a civilian president, is the poorest in South America. Any future economic improvement for Bolivia's 5m people seems inextricably linked to stable government.

Until recently that stability has been nearly synonymous with military rule. Bolivians are now watching nervously to see whether Sr. Hernan Siles Zuazo, the left-wing former president who emerged as front-runner from the June 29 election, will be allowed to take office. Because he did not capture a majority of the vote, the Bolivian Congress must decide the election although Sr. Siles' chances have been helped by the withdrawal yesterday of another ex-president, Sr. Victor Paz Estenssoro, the candidate who came in second. But the military has been making threats.

The country's foreign creditors are also watching the result with less compassion, but no less concern, interest.

Foreign debt reached \$3.79bn last year. The bulk of this was contracted during the seven-year regime of Gen. Hugo Banzer from 1971-78. This year debt obligations should reach \$626m, which will absorb at least 40 per cent of Bolivia's export earnings.

During the first quarter of this year \$298.4m of the debt came due, while money coming into the country, including ex-



port earnings and a \$59m loan from the International Monetary Fund, totalled only \$294.2m. During this period, Bolivia's international reserves dwindled from \$178m to \$95m according to an IMF report.

Bolivian officials are trying to renegotiate the country's external debt, but most banks and lending institutions seem to be awaiting the outcome of the elections. A few days before the voting, the Finance Ministry announced it would explain new developments in rescheduling Bolivia's debt. But reporters were treated to a list of new soft loans awarded by the Inter-American Development Bank, totalling \$89.5m.

Gross domestic product in 1978, the last year for which figures are available was a mere \$2.3bn. Since then, production has declined in several key areas and will undoubtedly

decline further in the face of political unrest. Exports of tin and other minerals by Comibol, the state mining corporation, and small and medium-size mining companies "decreased in volume by one third or more during the first quarter of 1980."

Sr. Siles has stated that despite his left-wing political leanings, his Government should still be able to attract enough foreign loans and credits to keep the country afloat.

"We will have a Government in which there can be human error, but not hands dipping into the treasury to take money from a poor and backward country such as ours."

A Siles government would be likely to apply some austerity measures to the Bolivian economy, judging from Sr. Siles' past performance. After taking office in 1956, he followed the advice of the IMF that government subsidies in many areas could not continue if financial stability was to be achieved.

Among the politically risky steps taken by Sr. Siles were a freeze on wages and salaries and the abandonment of government-subsidised miners' shops. These measures set off a storm of protest and cost him support from the very groups which had brought him to power.

In other areas of the economy, Sr. Siles has said he will not denationalise any of the state-controlled industries, which account for 70 per cent of Bolivia's production.

The inefficiencies of Bolivia's state-owned enterprises, according to Sr. Siles, have been due to the corruption of past



Sr. Hernan Siles Zuazo... front runner

governments rather than structural problems. Reforms will take place in those state enterprises which "had been run like the personal fiefdoms of corrupt officials," he said.

Ironically, a Siles-led Government would not be able to move very far to the left because of the severe financial constraints on populist measures.

But whatever Sr. Siles' intentions for the Bolivian economy, the question now is whether he will be permitted to take office at all. When the newly-elected members of Congress convene next month, they will attempt to elect a president from between Sr. Siles and the Right-wing Gen. Banzer, now that Sr. Paz has withdrawn.

Sr. Siles' Popular Democratic United (UDP) coalition, which according to some estimates won as much as 40 per cent

of the vote, may not automatically receive congressional support from Bolivia's Socialist Party, led by Sr. Macedo.

A few days after the election, Sr. Quiroga announced that he would not necessarily give his votes to Sr. Siles in Congress. Failure to do so could make the congressional election more difficult and intervention by Bolivia's armed forces more likely.

The military, led by the army commander, Gen. Luis Garcia Meza, seems to regard Sr. Siles as a direct threat to its existence. Despite the candidate's repeated assurances that he enjoys the backing of younger, more progressive officers.

But if the military intervenes, either before or after Congress meets, the civilian reaction is likely to be swift and massive. Last November, an obscure army officer, Col. Albert Natusch Busch, seized control of the Government for 16 days. Over 300 people were killed in popular protests. The militant Bolivia Workers' Central (COB) called a general strike and will undoubtedly do the same in the face of another military coup.

A new military intervention is likely to be far bloodier and more paralysing than the Natusch coup. There are plans for a massacre of the Left on the model of the Chilean coup in 1973. But Bolivia's soldiers are not as well-organised as their Chilean counterparts. Bolivia is more likely to resemble El Salvador, where a seemingly endless battle between the military and civilians is taking place.

Row over Saudi F15s puts Administration in dilemma

BY OUR U.S. EDITOR

SAUDI ARABIA has bluntly charged that Israel is using the issue of the aircraft as a test of the U.S. commitment to the Kingdom.

"It is long past time," the ambassador said, "that the Israeli problem is placed in perspective with the profoundly more important defence, economic and other vital interests of the U.S. and its key friends, the international community, world peace and certainly the overwhelming majority of people in the Middle East."

An extraordinary statement released by Sheikh Faisal Alhagelani, the Saudi Ambassador here, was prompted by the letter sent to President Carter by 68 U.S. Senators opposing Saudi Arabia's request for additional equipment for its 60 F15 fighter aircraft. But the statement's tone and scope show that Saudi Arabia is again treat-

ing the issue of the aircraft as a test of the U.S. commitment to the Kingdom.

The letter from the Senators, he said, sought to limit "Saudi Arabia's capacity to defend itself. The unavoidable implications of such an attempt were further confirmation of the dangerous and destabilising risk caused for the region as a whole, for America's long-time friends there, for the international community and clearly for the United States itself, by

allowing Israel intransigence and continuing aggressions to drag out and preclude a just and comprehensive settlement of the Arab-Israeli conflict.

The ambassador implied that if the U.S. sale did not go through, the kingdom was ready to cancel the whole order and seek alternative aircraft and equipment elsewhere, presumably from France.

For its part, the Carter Administration is hamstringing itself, when the original sale was approved two years ago as one element in a package involving Israel and Egypt, it promised

Congress not to sell the kingdom such additional equipment as would increase the range and firepower of the F-15s.

But it tends to share the Saudi view that security considerations in the region have changed.

On the other hand, the President, facing a difficult re-election campaign, is naturally reluctant to offend American Jewish sensibilities at a time when his two probable opponents, Mr. Ronald Reagan and Mr. Jim Anderson (now in Israel) are bidding hard for the traditionally Democratic Jewish vote.

Dutch threaten to halt £768m Surinam aid

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS has threatened to halt its £768m (£768.8m) programme of development aid to Surinam unless its former South American colony drops its demand for the aid to be made inflation-proof.

Surinam, on the north-east shoulder of South America, broke off aid talks during a stormy meeting with Mr. Jan de Koning, the Dutch Development Aid Minister. His visit to Surinam earlier this month was marred by protest demonstrations in the streets against Dutch policies.

Mr. de Koning told a parliamentary committee in The Hague that the next round of talks between the two countries in September would have little point unless the Surinamese drop their demand or are at least willing to discuss it.

If Surinam continues to press

its demand for inflation-proof aid at every opportunity this will mean the beginning of the end to development co-operation with the Netherlands, he said.

The £768m aid figure agreed before Surinam's independence in 1975 included an amount to cover inflation over the 10-year period of the programme. Development spending has gone at a slower than expected rate—only £150m have been spent over the past five years—and the effects of inflation have been greater than foreseen.

The breakdown of negotiations between the two countries has meant that the reallocation of funds to new projects has also been halted, Mr. de Koning said. The Netherlands was ready to help improve pension and welfare schemes and to develop water supplies.

David Buchanan adds from Detroit: A Reagan Administration would not fundamentally downgrade current U.S. ties with China nor would it be committed to re-establishing diplomatic relations with Taiwan. Mr. Richard Allen, Presidential candidate's top foreign policy advisor, said here yesterday.

Mr. Reagan's Far East policy has sparked fears in Peking that if elected he would turn the clock back on ties developed during the Carter Administration. He has criticised Mr. Carter for cutting ties with Taiwan as the price of normalising relations with Peking in January 1979.

But yesterday Mr. Allen insisted Mr. Reagan had been misquoted as wanting to reverse the present situation

THE GRADUAL freeing of U.S. oil prices has caused a spectacular resurgence of drilling interest in the U.S. so much so that the industry confidently expects more rigs than ever before to be at work this year.

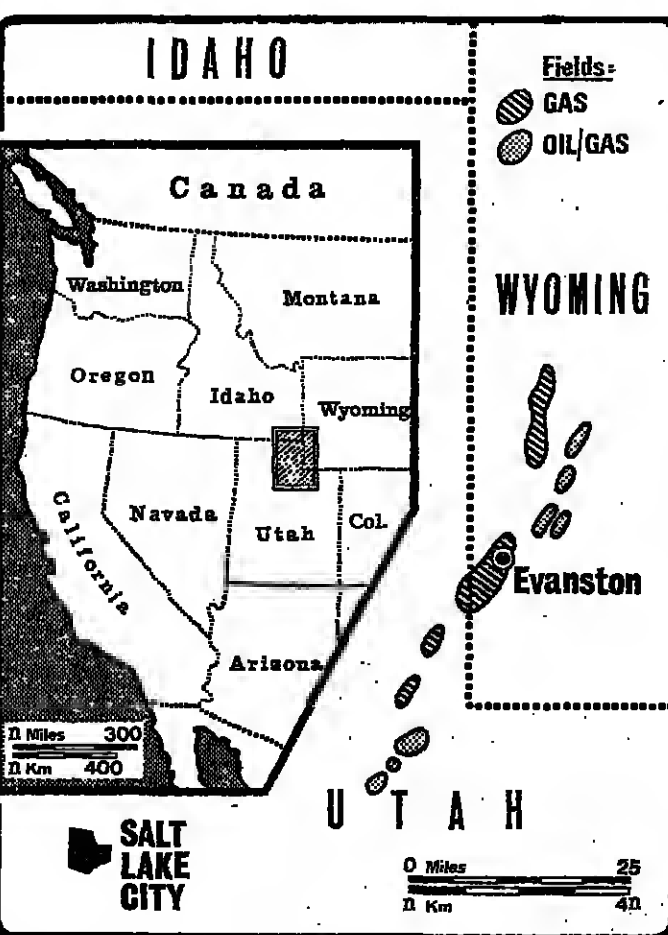
Much of the exploration effort is in entirely new areas, but so far the most promising results have come from second looks at areas that were previously abandoned either because they were thought to have no oil or because the deposits were not worth exploiting at earlier, low oil prices. In this latter category, one of the most spectacular has turned out to be the curiously named Overthrust Belt, usually known as the OTB.

This complex geological formation is several dozen miles wide, and runs across the U.S. from north to south parallel to the Rocky Mountains. It extends all the way from Mexico to Canada and is the source of some of those two countries' oil finds.

The U.S. portion of the belt did not yield much until the early 1970s, despite the presence of promising seeps, and the drilling of more than 500 wells. But a combination of improved drilling techniques, a willingness to look deeper, and the development of new computers capable of handling the OTB's complicated seismic data changed all that. The recent discovery of what could be huge deposits of hydrocarbons in the OTB is as much a triumph for computer technology as it is for petroleum geology. Without this electronic aid, geologists admit that they could never have made sense of the OTB, which twists and turns underground and even flings over itself like a giant breaking wave.

The main prospecting area of the OTB at the moment lies in a few square miles at the point where southern Wyoming borders on Utah around the tiny town of Evanston, though there is also some exploration in Montana, the Disturbed Belt and the central Utah Hinge-line. The area had been all but abandoned by oilmen when, in 1974, a company called American Quasar hit oil just inside Utah. The discovery lay not at 3,000 feet where most previous drills had stopped, but at 15,000 feet. Clearly the rewards from the OTB were to be hard-earned.

The discovery aroused enormous interest, and other companies moved in quickly. One of the best-placed was Standard of Indiana (Amoco) which, in



1969, had bought mineral leases on large amounts of land in the area owned by Union Pacific. The railroad company had acquired the land decades ago as part of its right-of-way. Under the deal, Union Pacific's Champion Oil subsidiary retains a quarter interest in the land.

Amoco's leases amount to more than 500,000 acres, and the company is in the enviable position of owning an interest in 12 of the 14 oil and gas fields found so far. Standard of California (Chevron) comes next with 175,000 acres. Other active companies include Exxon, Marathon, Cities Service, and Getty.

Since the American Quasar find, more than 200 wells have been drilled in the rolling, scrubland around Evanston, amid the grazing cattle and moose. Amoco's first big find came in 1976 in the Ryckman Creek field which contains both oil and gas. The oil is now flowing at 9,000 barrels a day, but the gas is being piped back to keep up the pressure. Once a nitrogen plant has been completed, the gas will be extracted too.

More important was the dis-

covery two years later of the Whitney Canyon gas field. Apart from having a pay zone of Saudi Arabian proportions, 4,500 feet thick, the well pinpointed the most promising geological structures within the highly complex belt: the paleozoic rocks. These have since become the main drilling target.

A few miles to the north, Chevron hit on its Carter Creek gas field, and last year Amoco stirred much excitement by drilling a well in between to see if the fields linked up. This is the now famous and gas-rich Keweenaw Federal well. It suggests that the two fields do, indeed, form part of one enormous gasfield, the full proportions of which have yet to be assessed.

The discoveries have continued. Last month Amoco found two more gas deposits. But few of the discoveries so far made are actually producing, mainly because they contain "sour gas" from which sulphur has to be extracted.

Both Amoco and Chevron are building purification plants, along with a railway line to haul out the huge amounts of

sulphur which they will produce. The gas itself will be moved out through a number of pipelines.

Interest centres less on the present production rate (though some gas wells are producing 30m cubic feet a day) than on the size of the ultimately recoverable deposits. Because drilling is still at a comparatively early stage, petroleum geologists are anxious to temper their excitement. They do not know how far north and south of the present site the producing formations extend. It could be dozens or even hundreds of miles, though the discovery of gas along the belt in Montana, north of Wyoming, is a hopeful sign.

Mr. Richard Powers, a petroleum geologist based in Denver, Colorado, and an acknowledged expert on the OTB, has just revised his preliminary estimates of undiscovered recoverable oil and gas in the Wyoming-Utah area of the belt. For oil, there are a low of 3.3bn barrels, a high of 15bn, and a "most likely" amount of 7.5bn.

For natural gas they are a low of 10 trillion (million million) cubic feet, a high of 62.5 trillion, and a "most likely" of 30.5 trillion. To put these figures into perspective, the U.S. consumes about 20 trillion cubic feet of gas a year, and about 6,500m barrels of oil.

Mr. David Work, Amoco's regional exploration manager, commented: "This is not another Prudhoe Bay, but it is only one order of magnitude smaller. Remember that so far we have only looked in detail at 70 miles of a formation that extends 2,200 miles."

Mr. Work's opposite number at Chevron, Mr. Bruce Cheatham, had a similar comment: "What we are finding would turn a hair on the head of Saudi Arabia. But it is probably the most significant onshore find to the lower 48." (The "lower 48" means the U.S. less the outlying states of Alaska and Hawaii.)

Exploring the OTB is expensive by onshore standards. The average 15,000 foot well takes 10 months to complete and costs \$5m-\$8m. Sulphur extraction plants cost close to \$300m each. And the complicated technology required to explore and map the geology adds to the cost. Amoco will be spending \$8m this year on seismic work alone.

Chevron's OTB budget this year is \$100m, and Amoco's \$130m. The role played by computers in opening up the OTB is stressed by all the companies active there. The topsy turvy geology of the OTB means that surface features are of little

'We have looked in detail at 70 miles, but there are 2,200'

geology elsewhere, notably the so-called Eastern Thrust Belt in Appalachia.

Responding to the promise shown by the OTB, Washington has been anxious to smooth the bureaucratic obstacles that strew the path of oil exploration in the U.S. despite heavy pressure from environmentalists who want tighter control on drilling. Mr. Work said: "The Federal Government has bent over backwards to co-operate with the industry."

Even so, there is a lot of concern as to how the little settlement of Evanston will cope with the huge influx of people and money. The town has already doubled in size from 4,000 to 8,000 and will probably double again before long. Assets of the local bank, First Wyoming, rose by 25 per cent last year, and the branch manager had to organise trips to tax experts in Salt Lake City for farmers who had become millionaires overnight.

The town's meagre facilities have been swamped; people are living in cars and mobile homes in the car parks. The one road bridge under the railway is choked with traffic, and the municipal services are overloaded. The oil companies have made an effort to help by financing projects like schools, and respecting the town's needs. But Evanston may be a severe test of the oil industry's ability to avoid the classic boom and bust that goes with big oil finds. Mr. Hoessel, who moved to Evanston four years ago, said: "People can't believe it's here to stay."

All these securities have been sold.
This announcement appears as a matter of record only.

tyco laboratories, inc. June, 1980

Tyco International Finance N.V.
Curaçao, Netherlands Antilles

6% convertible bonds 1980-1992
of Swiss francs 40 000 000

unconditionally guaranteed by

Tyco Laboratories, Inc.
Exeter, New Hampshire, U.S.A.

Bank von Ernst & Cie AG

Handelsbank N. W.	Banca del Gottardo
Banque Privée S.A.	La Roche & Co.
Schweizerische Hypotheken- und Handelsbank	La Banca Svizzera Italiana
Banque de Paris et des Pays-Bas (Suisse) S.A.	Wirtschafts- und Privatbank

Aergauische Hypotheken- und Handelsbank	EKO Hypotheken- und Handelsbank
Banque Voudoise de Crédit	Luzerner Landbank AG
Bank in Gossau	Banque Romande
Bank in Menziken	Bank Europäischer Genossenschaftsbanken
Bank vom Linthgebiet	Banque de l'Union Européenne en Suisse S.A.

These bonds have not been registered under the United States Securities Act of 1933 and may not currently be offered or sold in the United States or to nationals and residents thereof.

OVERSEAS NEWS

East Africa's nomads fall victim to drought and politics

SEVERE DROUGHT has spread right across Africa in the last five months, with crops and pasture right along the semi-arid Sahel zone below the Sahara, and has broken into full-scale famine in north-east Africa and on the Horn. Some rain has now fallen, but too late to save further widespread crop and livestock losses.

Nearly 6m people are now believed to be "affected" by famine in Ethiopia, Somalia, Djibouti, southern Sudan, and northern provinces in Uganda and Kenya. Estimates broadly agree that some 600 people a day have been dying of starvation throughout the region in the last few months. Most experts believe that potential human losses are much greater than during the last Sahelian drought of 1973-74, when at least 150,000 people died.

Drought relief has been hit by a drop of some 60m tonnes in world cereal production in 1979. The United Nations Food and Agriculture Organisation, meanwhile, estimates that the need of the affected countries for cereal imports has risen about 15 per cent in the last year. By the beginning of June, traditionally the start of the new growing season, 30 per cent of that need had not been met. Rains were disappointing in

the famine region in 1979 and have failed again this year. Agri-culturists estimate that food is going to have to be found for the next two years for at least 2m refugees in Somalia, Sudan and Djibouti, 2.5m Ethiopians, 500,000 Ugandans in the northern Karamoja province, about 100,000 tribespeople in Kenya's northern Turkana province, about 100,000 natives of

by the governments concerned in and about the Horn, famine will strike again, probably more frequently.

Death by drought is not new to the Horn. There were 23 major famines in Ethiopia between 1540 and 1800, a famine between 1888 and 1892 killed about one third of the country's population and, since then, Ethiopia has been hit by full-scale famine at least once every decade.

Yet the threat is aggravated by political instability, which will prevent governments in the area from attending to the victims of the drought at least for the immediate future.

The two major areas of concern are Uganda, which has remained chronically unstable since the overthrow of Idi Amin last year, and the Horn, where Ethiopia is involved in intractable struggles in Eritrea and the Ogaden.

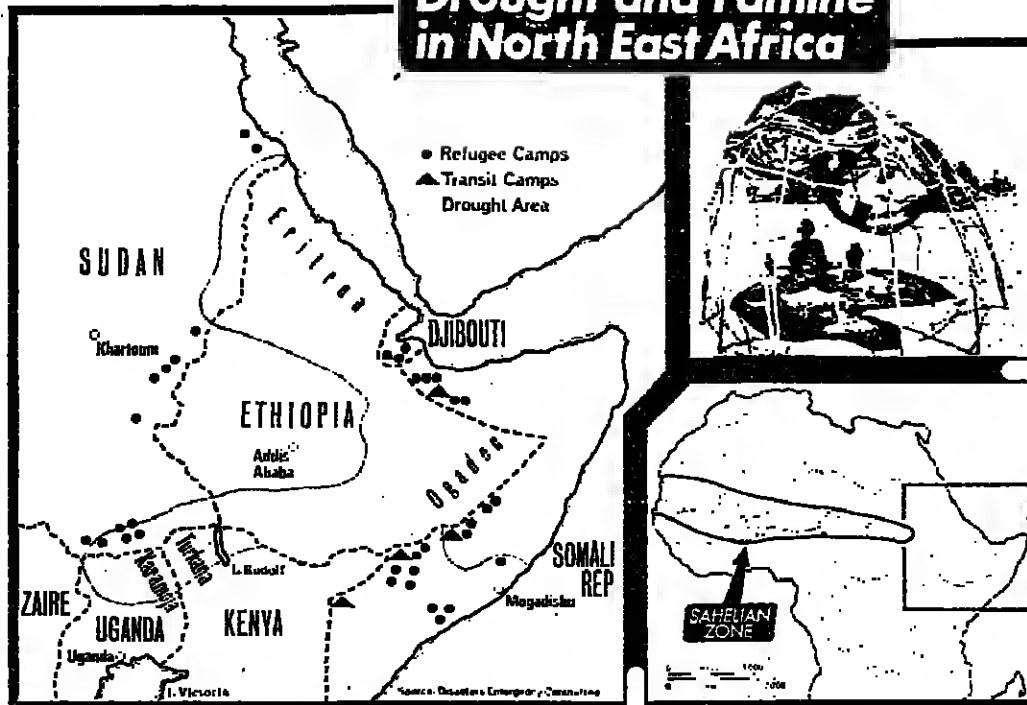
It is scarcely surprising that most of those actually dying are the rootless and politically marginal nomads of the lowlands.

The bulk of the dry lowlands of the famine region is nomad territory. In the Ogaden, herdsman have traditionally moved freely between Ethiopia and Somalia after water and grazing, driving with them the highest concentration of Ethiopia's 27m head of cattle (the largest herd in Africa) and camels. Eritrea, but for a core of sedentary farmers at the centre of the province, also has a nomad

tradition and Karamoja, Turkana and southern Sudan are populated by "shifting cultivators."

The methods these people have traditionally used to shield them from an erratic climate no longer work. Equally, caught between war and civil strife, they lack the political influence to mitigate the added horrors of natural disaster.

Drought and Famine in North East Africa



veterinary programmes and vastly improved access to water by sinking new boreholes and wells.

But with the onset of drought, the land failed quickly under the increased human and animal burden and the authorities throughout the Sahel fell back just as quickly to save established, exportable, cash crops.

For both the farmer and the herdsman the only alternative has been to eat the remaining seed and slaughter or sell off livestock. The effects are twofold.

First, seed stocks empty. Replacements of just the right variety are almost impossible to find outside the Sahel. For the farmer, the only escape from the famine cycle once it is in motion lies in recourse to adequate and controlled stocks of the right seed varieties. Right now, these do not exist.

Second, as cattle are reared mainly for milk and blood, and as bridled dowries, the nomadic livestock market is small and easily glutted. Poor stock values and high food and seed prices during the 1973 drought in Ethiopia prompted one study to note that "people died in Ethiopia not because of an extreme shortage of food, i.e., famine, but because of an extreme shortage of money, i.e., poverty."

Growing human and herd populations have tilled and trampled vast tracts of northern East Africa and the lowlands of

the Horn into virtual desert. Boreholes once sunk near good grazing are now ringed by up to 15 kilometres of sand and once desertification passes a critical point it is virtually unstoppable.

The experts label the region's ecology "finely balanced," which is a measured way of saying anything can happen and probably will. All modern science knows for sure about rainfall in the region is when it is most likely to occur. "Accurate prediction is impossible," one British climatologist says, "even a day in advance."

For nomads, the "drought threshold" has risen dramatically. "We have got to the stage now," one agriculturalist says, "where the land traditionally used by the nomads can satisfy their basic needs only under the very best climatic circumstances."

Even so, there may be answers to these problems. "Modern agriculture can find solutions in most changes," experts say. With proper animal husbandry and more careful cultivation, East African nomads have the productive potential to double the output of meat and grains now marketed in the region.

Yet while Nomads clearly can be better protected against drought through systematic herd reduction, family planning and settlement, there is a consensus that these solutions can only be introduced by the governments concerned.

Egypt fails to reach agreement with IMF

BY ROGER MATTHEWS AND ANTHONY McDERMOTT IN CAIRO

EGYPT AND the International Monetary Fund have failed to reach the basis for a new agreement to replace the \$730m (£306m) three-year facility that collapsed three months after it was signed in 1978.

The failure is a setback for Egypt's desire to win an international seal of economic "good housekeeping," but it also demonstrates the immense improvement in the balance of payments over the past 18 months.

Dr. Abdel-Razzaq Abdel-Meguid, the deputy Prime Minister in charge of the economy, said in Cairo on Wednesday that he believed the Government had met the requests of the IMF "on all counts."

But a new problem had arisen, which was that Egypt could only draw on the fund if its balance of payments were in deficit. The deputy Premier forecast that Egypt would have an overall payments surplus this year of about \$400m.

During discussions with the Fund team, which leaves Cairo today, Dr. Abdel-Meguid claimed that it had broadly accepted the concept of his economic strategy, and that it was hoped this should be

enough to reactivate an agreement.

But the failure of the talks to produce a new letter of intent suggests that the IMF was not convinced that the new budget introduced on July 1 would have a deflationary impact.

In the budget, Dr. Abdel-Meguid increased public sector wages, subsidies and social security benefits by a total of nearly \$1.4bn. But he said he had more than offset that by a rise in foreign currency earnings of about \$1.7bn.

Since his appointment six weeks ago, Dr. Abdel-Meguid has been determined to reform the existing economic structure—often to the dismay of Egyptian and foreign officials and businessmen. He has been given considerable leeway in this because of the enormous rise in Egypt's income from oil.

According to Dr. Abdel-Meguid, they were worth \$1.5bn last year and could rise to \$2.2bn this year. The major aims of his economic strategy have been the reform of the public sector, bringing import operations under closer government control, and requiring foreign banks to place 15 per cent of their foreign currency deposits with the central bank.

Arab insurance switch

BY OUR MIDDLE EAST STAFF

THE ARAB Maritime Petroleum Transport Company, an oil tanker shipping line owned by eight Arab states, says it will not pay any increased war risk premiums charged by Lloyd's underwriters for voyages to the Gulf.

It will be switching its insurance to the Arab War Risk Insurance Syndicate, a grouping of 32 Arab insurance companies, which start operating next January.

The move is part of a drive by Gulf states to keep more

insurance business and reinsurance income within the Arab world. It received an impetus from Lloyd's decision last September to allow underwriters to impose a higher war risk premium for Gulf voyages.

A Lloyd's official said yesterday that the imposition of the higher war risk premium was at the discretion of individual underwriters. Shipping companies which did not want war risk cover did not have to have it.

Lebanese Ministers fear Christian autonomy move

BY IHSAN HAJAZI IN BEIRUT

LEBANESE Cabinet Ministers were yesterday reported to have expressed fears that the fierce fighting in predominantly Christian areas of Lebanon may be followed by the creation of Christian "autonomy" under Phalangist control.

Now that the fighting has died down, Lebanese are waking up to the gravity of the situation which has arisen after the Phalange party gained total control of the areas and virtually crushed its main Christian rival, the National Liberal Party of Mr. Camille Chamoun, a former President.

Both Mr. Chamoun and Mr. Pierre Gemayel, the Phalangist

leader, have described this week's clashes as a "disaster," while Dr. Selim Hoss, the Prime Minister, has called the situation "extremely serious."

Dr. Hoss warned that dominance by a single party will only be at the expense of the "legitimate authorities of the central government."

The Ministers were reported to have warned that Christian self-rule could produce a similar move on the part of the Muslims, which in turn would lead to a partition of Lebanon.

Press reports yesterday put the number of dead in the clashes at 320.

South African railway workers quit Zimbabwe

BY BERNARD SIMON IN JOHANNESBURG

FIVE SOUTH African Railways technicians seconded to Zimbabwe Railways are returning to South Africa without being replaced.

It is unclear at this stage whether the men have been recalled in the wake of rising tension between the South African and Zimbabwean Governments. But a railways official said in Johannesburg yesterday that the men "are coming back at their own request." Another five technicians have returned to South Africa in the past few months. South Africa has provided

assistance to Zimbabwe's railways for several years, because of a serious skills shortage there, and damage done to rail facilities during the seven-year bush war. The technicians carried out maintenance and training work. They have helped to maintain 25 South African steam locomotives hired to Zimbabwe.

The railways official said there was no intention at present to withdraw the locomotives, and that they would remain north of the border if the Salisbury Government wanted them.



Parliament Square is as hard on brakes and clutches as Brands Hatch.

With today's roads getting more and more arduous, it's not surprising that car manufacturers are demanding more of the clutches and brakes they use.

That's why many major manufacturers fit Borg & Beck clutches and Lockheed brakes, which have been proved time and time again on the world's Grand Prix circuits.

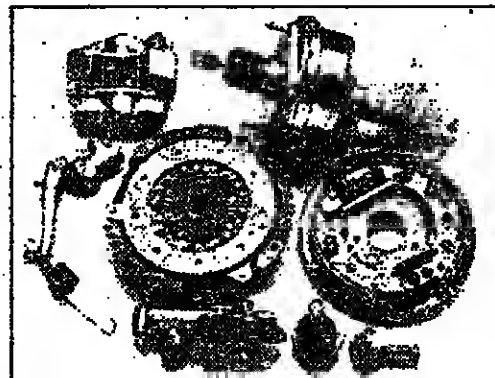
In fact, more Grand Prix races are won on Borg & Beck and Lockheed than anything else.

The British Grand Prix, we're sure, will be no exception.



Automotive Products Limited, Leamington Spa, Warwickshire.

Manufacturers of Lockheed brakes, Borg & Beck clutches, Lockheed steering and suspension, AP filters, AP silencers and AP automatic transmissions.



WORLD TRADE NEWS

Tax clauses changed in Schindler's China deal

By Rodney Hobson in Hong Kong

SCHINDLER, the Swiss lift company, has announced details of an industrial manufacturing joint venture with China, and has disclosed that several aspects of the agreement vary in important respects from the contract negotiated earlier this year.

The venture, a 50-50 split, with China Construction Machinery Corporation holding the major equity share and Jardine Schindler (Far East) Holdings as the foreign partner, aims to modernise China's lift industry over the next 20 years. The contract was signed in March and announced in May.

However, Peking's Foreign Investment Commission, which many foreign businessmen had thought would be a rubber stamp authority, engaged Schindler in four further months of negotiations. Changes were made mainly to clauses relating to profits, taxation, arbitration, labour, and the price at which the venture would ultimately be repurchased by China.

The taxes the joint venture will have to pay were not clearly spelled out in the original contract. They are now listed as income tax, sales tax, duty on imported materials, property tax, remittance tax on royalties, franchise fees, licence fees, interest and consultation fees. Profits should not exceed 20 per cent of the company's net equity, which is original investment plus reinvested capital.

A flat profits tax of 31.5 per cent will apply. Remittance tax on dividends sent out of China (sometimes called withholding tax) is a flat 10 per cent. This is the only tax that the foreign partner, as opposed to the joint venture, will have to bear.

Lisbon gives Peking 'most favoured nation' status

BY JIMMY BURNS IN LISBON

SR. BASILIO HORTA, Portugal's Trade Minister, returned yesterday from a 10-day official trip to Peking and Macao during which he laid the groundwork for a major strengthening of Portuguese-Chinese trade relations.

Mr. Horta stressed that trade links between the two countries had been "consolidated" as a result of the signing of a commercial agreement in the Chinese capital last week. This pledges major co-operation and gives China the status of "most favoured nation." Portugal will relax import duties on certain Chinese products in return for the offer of invest-

ment opportunities in mainland China.

Mr. Horta said that Portugal, the state-owned pulp and paper company, has signed an Es 550m (£4.7m) contract for the export of an undisclosed amount of pulp to China over the next three years. Portugal has also signed an Es 10m contract which will increase the export of cork products. These currently account for 36 per cent of total Portuguese exports to China.

Mr. Horta said that a number of contracts had been brought closer to completion during his stay in Peking. Central de Cervejas, the Portuguese state-

owned beer company, is continuing negotiations with the Dutch-owned Heineken on a joint agreement for the building of a new beer plant in China. Mr. Horta also mentioned for the first time the possibility of a joint venture with the Chinese in the transport and shipping sector. This would involve the export of coal and oil to Europe from the Far East using Portuguese ships.

The Trade Minister also suggested that Macao, the Portuguese-administered enclave on the Chinese mainland, could provide a further stepping stone for increased trade links between Portugal and China.

Finland to ask France for nuclear plant study

By Oor Helsinki Correspondent

IN A surprise move Imatra Voima, the Finnish state power company, announced that it is to order a feasibility study for a 1,000 MW nuclear plant from France, pitting it against a similar Soviet reactor which has been under study since 1977.

The decision to ask Sofraton of France to undertake the study is "a direct and almost immediate result of President Valery Giscard d'Estaing's visit to Finland in early June," Mr. Vesa Laukkanen, an Imatra Voima spokesman said.

The study will be undertaken "after the summer vacations and will be a fairly quick one as the standards in France and Finland are close to each other," Mr. Laukkanen added.

With this decision Imatra Voima has opened up the competition against the Soviet 1,000 MW reactor. "The French technology is directly adaptable to Finnish standards, while the Soviet nuclear technology has to be heavily adapted," Mr. Kalevi Numminen, manager of Imatra Voima commented. A final decision between French and Soviet technology will be made in 1982.

The French alternative comes as the first Soviet unit at Loviisa is closed for its annual check-up which has revealed welding faults in the steam generators, lengthening the closure by at least a month. The inauguration of the Loviisa Two unit has also been delayed because of cracks in the pressure vessel.

The Soviet alternative for the new 1,000 MW plant has already been written into Finland's 15 year trade agreement with the Soviet Union, but the invitation to the French company shows that the need for Soviet imports is not as crucial an issue as they were in the early 1960s when the two Loviisa units were ordered. This is because of the higher price of oil. Two-thirds of Finnish oil supplies come from the Soviet Union.

New Delhi to invite foreign participation in oil exploration

BY K. K. SHARMA IN NEW DELHI

INDIA'S Petroleum Ministry is working out details of the terms on which foreign oil companies will be invited to explore for oil in the country's vast continental shelf, and an announcement is expected soon.

This represents a major reversal of the decision taken some years ago to allow only the Government-owned oil and Natural Gas Commission to do exploratory drilling in offshore structures, many of which are believed to be potentially oil-bearing on the basis of seismic surveys.

The ban on foreign companies was imposed after the failure of Canadian and U.S. groups, to which concessions had been given, to pursue vigorously the exploration programme contracted for. The concessions were given in the Gulf of Kutch and the Bay of Bengal and the foreign groups abandoned drilling without finding oil after fulfilling the minimum terms of the contracts.

The change in policy has been taken because the crushing burden of crude imports on the balance of payments has com-

elled the Government to step up the programme for exploration, both onshore and offshore, so that foreign sources of oil supplies can be replaced as soon as possible.

Since resources available for exploration and increased production from existing offshore oilfields are limited, it is now proposed to invite foreign companies to drill in potential oil-bearing areas. What remains to be decided are the terms of the production-sharing contracts.

Officials say that drilling will be allowed on "commercial" terms. Care will be taken to ensure that the interests of India expertise do not suffer. This means, in effect, protecting the interests of the Oil and Natural Gas Commission, which is the sole agency for offshore exploration and production.

The Commission has successfully developed the Bombay High and Bassin oilfields in the western continental shelf, from where the present production rate is 5m tonnes. Recently, it found oil in the first oil spudded in the Bay of Bengal.

NatWest in Mexico credit agreement

HOJALATA Y LAMINA, part of Grupo Industrial Alfa of Mexico, and National Westminster Bank have signed a letter of intent for a \$50m (£21m) buyer credit to be guaranteed by the Export Credits Guarantee Depart-

ment (ECGD) to finance the supply of steel manufacturing equipment. Meanwhile ECGD guaranteed a \$5m line of credit which National Westminster Bank has made available to Czechoslovakia Obchodni Banka, of Czechoslovakia, to enable Czech buyers to place orders in the UK for capital goods and installation of services.

ECGD has also guaranteed a \$4m loan which Barclays Bank International has made available to Neal and Massey Industries of Trinidad, and Tobago to help finance contracts awarded by Neal and Massey Industries to Otto Durr (Great Britain) and Dryvys King Conveyors.

Otto Durr will be responsible for the design, supply, and installation of vehicle paint shop equipment and Dryvys King Conveyors will supply, deliver and supervise installation and commissioning of a floor and overhead conveyor system.

Hungary truck deal for DAF

By Charles Batchelor in Amsterdam

DAF TRUCKS, the Dutch commercial vehicle maker, has signed a FI 60m (£13.28m) agreement to supply truck cabins and chassis riders to the Hungarian industrial group, Raba—initially for a five year period.

The Dutch company took over the order from another unnamed—West European concern in what is its first move into the Comecon trading area. Raba is the largest commercial vehicle maker in Hungary and also produces 200,000 truck axles and 30,000 diesel engines a year.

Mr. Piet Van Doorne, DAF chairman, repeated his earlier forecast that the company expects to improve on the 1979 net profit of FI 21.6m this year after a "not unfavourable" first half. Sales have declined for some of its trucks in a few markets in recent weeks but this is not expected to have much impact

Bid to boost UK-Yugoslav trade

BY ANTHONY ROBINSON

YUGOSLAVIA'S determination to boost exports to the UK and interest UK companies in joint ventures and industrial co-operation in third countries has been underlined by Mr. Metod Rutar, the Foreign Trade Minister, in his visit to London this week. The Yugoslav delegation held talks with the Bank of England and British Government ministers in connection with Yugoslavia's current efforts to arrange a major

balance of payments loan through the Bank of Yugoslavia to back up its current economic stabilisation policy.

UK companies with some exceptions, have not taken full advantage of opportunities in the Yugoslav market, and many appear to have been put off by apparent difficulties in understanding the complexities of the Yugoslav economic and political system. To remedy this Mr. Kurt Weisskopf of the London Chamber of Commerce has prepared an expanded version of

his booklet, Trading with Yugoslavia, which provides a comprehensive and informative survey of the Yugoslav system for the business reader.

The booklet, now available from the London Chamber of Commerce and Industry, outlines the main priorities of the forthcoming five-year plan period and concentrates on providing a practical guide to marketing, trade fairs, the workings of the various self-managing bodies and economic chambers.

Zambia, Zimbabwe visit set

BY MARK WEBSTER

THE LONDON Chamber of Commerce is planning a 10-day trade and investment mission to Zambia and Zimbabwe in November this year. The mission will first go to Zambia for one week, before going on to Salisbury by air.

Appointments will be fixed collectively in both capitals

with leading government ministers and their officials, the Chamber says, but there will be time in the programme for individual arrangements.

British exports to Zambia were worth £85.5m last year and a 10-year agricultural programme costing £214m has just been announced in which

Britain is one of 21 participating countries.

Exports to Zimbabwe are likely to reach £40m this year now that sanctions have ended and the economy is restoring its links with the outside world, trade officials say.

The cost of the trip is £1,089 but there is a British Overseas Trade subsidy which would be paid on completion of the mission in companies selling wholly or mainly goods of UK origin.

A good start to a productive day!

Good working conditions are a big factor in improving industrial relations and productivity.

And providing facilities to regard employee's personal belongings are a big move in the right direction.

That's why so many companies install Heilmann Lockers.

So make this a productive day for you.

Write or phone for more information about Heilmann Lockers to:

Dept. W69
W. B. Bawn Ltd.

Northern Way
Industrial Estate,
Bury St. Edmunds,
Suffolk.

Tel: (0284) 25112
Telex: 817359

HOW A COMPANY BOAT CAN HELP FLOAT NEW IDEAS...

Mobile meetings worldwide. Unique motivation for salesmen and customers. Flexible arrangements. Brighten up the sales. Plus income from chartering. Your company could have all of these with a luxury yacht from D.P. Marine's fleet. Considerable tax saving advantages too. Full management, maintenance, crewing and provisions.

Contact: Chris Wingate, Brighton Marina, Brighton, Sussex, BN2 9UG. Telex: 51226. Tel: 0273 699515.

D.P. MARINE LTD



société nationale elf aquitaine

A limited company with issued share capital of 906,373,500 francs. Registered office: Tour Aquitaine, 92 COURBEVOIE, France. Head Office: 7, rue Nelson, 75015 PARIS. Registration number: RCS Nanterre B 552120784.

REPORT ON 1979 ACTIVITIES

ANNUAL GENERAL MEETING OF SHAREHOLDERS, JUNE 12, 1980

In 1979, relations between the oil producing countries and their customers were thrown into turmoil as the OPEC members worked together to limit production to a level that allowed them to maintain market tension. As a direct consequence of this, the Elf Aquitaine Group has further increased its exploration efforts, which have been rewarded by several medium-sized discoveries, and has intensified its trading activities with the aim of increasing and diversifying supply sources.

There has been a marked improvement in net income for the year, due to the general economic climate, to increases in production levels, and in efforts made in all branches of activity to increase productivity.

Principal activities in 1979

■ Exploration

2.23 billion francs were spent on exploration in 1979, as against 1.95 billion in 1978. The 305 wells drilled by the Group as operator or in association with other oil companies led to the discovery of some thirty small and medium-sized commercial fields.

Our gross leaseholdings have increased from 1,261,000 square kilometers in 1978 to a total of 1,357,000 in 1979, thus allowing us to project even greater exploration activity for the current year and for the future. Exploration rights have been obtained in countries with high oil and gas potential such as Nigeria and Angola in the face of considerable competition.

■ Production

In 1979, Group operated production of oil and other liquid hydrocarbons amounted to 23.7 million tonnes, against 22.9 million in 1978. Group share of these quantities was 18.8 and 18.5 million tonnes respectively. Natural gas production rose from 15.5 billion cubic meters in 1978 to 18.8 in 1979, thanks to the increase in North Sea production. The Group produced 2.8 million tonnes of sulfur and sold 2.9 million.

Coal production was steady at 1.5 million tonnes in 1979.

The financial situation of our nickel subsidiary, Société Le Nickel (SLN) improved throughout 1979 with sales of 67,000 tonnes compared with 45,000 in 1978. This has led to a reduction in inventories of 22,000 tonnes.

■ crude oil supply, Refining and distribution

Our refining and distribution activities showed profits in 1979, although these were modest considering the capital invested in this sector and if we deduct the sums tied up by the increasing cost of inventories. The improvement over last year is due to the increase in the price of finished products and to the recovery plan implemented earlier by the Group.

In 1979 the Group had at its disposal some 50.3 million tonnes of crude oil from own production and from third party purchases. Of this quantity, 34.4 million tonnes were treated by Group refineries which processed a total of 36.2 million tonnes, compared to 33.6 million in 1978.

Elf Aquitaine's share of the French market increased slightly (up to 23% from 22.7%) thanks essentially to improved market penetration in light products.

■ Petrochemicals and plastics

It was possible in 1979 to pass on the significant increases in cost to end users in the form of increased sales prices for manufactured products.

■ Health and hygiene

There was major change in 1979 in the structure of the SANOFI Group brought about by the merging of certain of its subsidiaries (Labaz, Parcor, Galor, etc.). As a result of this, the SANOFI share has been quoted on the Paris Stock Exchange since the beginning of 1980.

The activities of this sector have continued to grow and the consolidated sales of SANOFI have increased considerably over 1978.

Financial highlights

Funds generated from operations (after the effect of LIFO) were 11,955 million francs compared to 6,437 million in 1978. Some 41% of this improvement came from the refining-distribution sector. Current taxation was 2,733 million francs, depreciation, depletion and amortization accounted for 2,667 million, and the charge for exploration was 1,883 million francs.

After deduction of the current price reserve for the year (LIFO adjustment) of 2,223 million francs, Société Nationale Elf Aquitaine's share of consolidated net income amounts to 5,571 million francs (against 1,434 million in 1978), giving net income per share of 307 francs for the year.

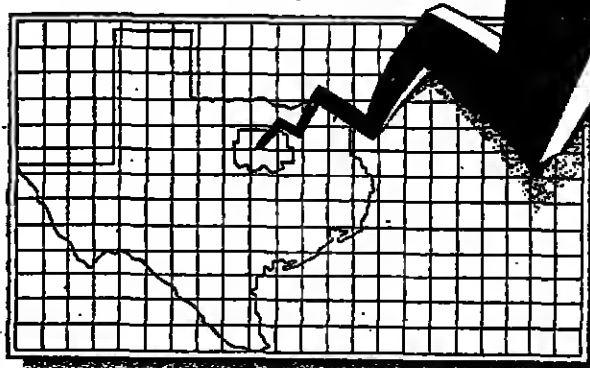
Capital investment in 1979 was 7,185 million francs compared to 6,867 million in the previous year. There was less need for borrowing so that the ratio of indebtedness fell from 44% in 1978 to 38% in 1979.

Net income of the parent company Société Nationale Elf Aquitaine was 2,296 million francs against 906 million in 1978. This was due in particular to the recovery of the refining-distribution sector. The dividend for 1979 amounts to 635 million francs or 35 francs per share (plus the tax credit of 17.50 francs per share). Dividends are payable from July 3, 1980 against delivery of coupon number 25.

The first months of 1980 have been marked by renewed concern in the refining-distribution sector, especially in France, while our exploration and production activities continue to be profitable.

SUCCEED.

Almost any business can succeed in the Dallas and Fort Worth area. We have all the ingredients to help your business grow. We're located in Northern Texas, in the middle of the United States "Sunbelt."



We have plenty of prime undeveloped land for industrial sites. Room for expansion is virtually unlimited.

We're a natural distribution and rail centre, located halfway between New York and Los Angeles. And we're also serviced by an excellent highway network and the largest commercial airport in the United States. Our

weather keeps it open 99.5 percent of the time.

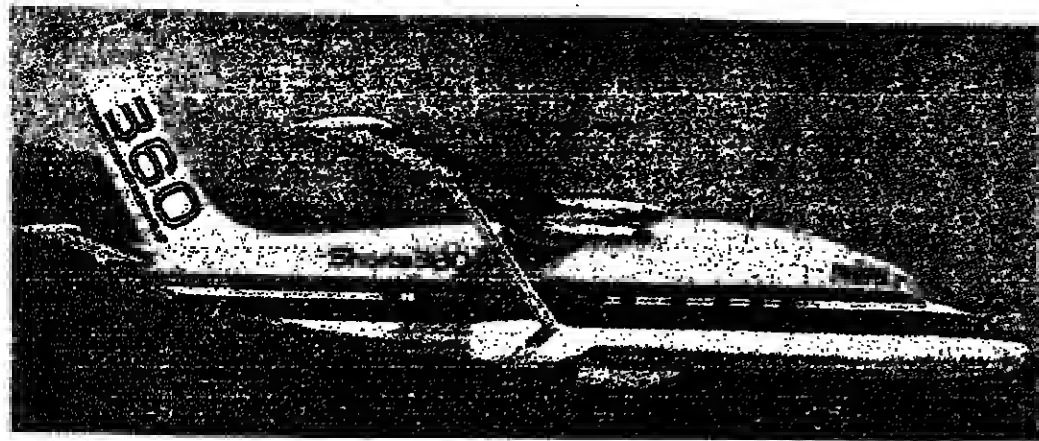
The weather here also creates a high quality of life. But one of our biggest attractions is the positive attitude our civic and political leaders take toward new business. Our labour is hard-working, too. And there are no Texas personal or corporate income taxes. You'll do well because the people here want you to do well.

For more information about expansion opportunities, please write: W.M. Blake, President of the North Texas Commission, P.O. Box 61246, Dept. 300, The Dallas/Fort Worth Airport, Texas 75261, USA.

DALLAS FORT WORTH
Where the world is coming to.

Short Brothers pushes short-haul airliner

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



Artist's impression of the Shorts 360 36-seat airliner

SHORT BROTHERS of Belfast is to spend up to £15m developing the 360, a new, enlarged version of its successful 330 "commuter" airliner. It will seat 36 passengers. The existing 330 seats 30. It will make its first flight in September next year and be ready to enter service in late 1982.

Mr. Phil Foreman, managing director of Short Brothers said yesterday the company could see a potential demand worldwide for about 1,000 short-haul airliners in the 20-40 seat bracket, including the Series 330 and 360 airliners.

Short Brothers will build both types of aircraft on the same Belfast production line. It has sold 70 Series 330, worth about £75m, and more sales are being negotiated.

A campaign for the Series 360 airliner was launched late yesterday in the U.S., to which Mr.

Foreman flew on Concorde after announcing the aircraft in London.

Finance for the new programme is expected from the Government and private sources. Mr. Foreman said the company was engaged in talks with both.

The new aircraft was designed for short-haul operation, especially in the U.S. "commuter airline" market, which has shown substantial growth in the past year or so in spite of the recession.

Mr. Foreman said development and production of the new aircraft would not increase employment in the company's Belfast factory. "What we are aiming for is stability of the present labour force," he said.

It numbers about 6,000, of whom about 3,000 are involved in aircraft production.

of it will be common with the 330, saving development and manufacturing costs.

It will use two Pratt and Whitney (Canada) PT6 turbo-prop engines, giving lower operating costs compared with rival aircraft types.

Mr. Foreman said development and production of the new aircraft would not increase employment in the company's Belfast factory. "What we are aiming for is stability of the present labour force," he said.

It numbers about 6,000, of whom about 3,000 are involved in aircraft production.

David Churchill considers pressures for shopping reforms

Battle lines drawn on Sunday trading laws

PRESSURE IS mounting on the Government to reform the legislation which prevents most shops from opening legally on a Sunday.

The main pressure is coming from retailers who, faced with a slump in trade, want to extend shopping hours to include Sunday—in the hope of attracting more customers.

The Whiteleys department store in Queensway, London, is fighting a much-publicised legal battle with the local authority to open for Sunday trading in an area where the majority of small shops are already flouting the law and staying open. This confrontation—due to be resumed later this month—is only the tip of the iceberg, however, since many retailers throughout the UK are already opening illegally on a Sunday.

The Government has responded to this pressure with a major internal review by the Home Office of the 30-year-old laws on shop opening hours which have become riddled with anomalies.

The confused situation means for example, that mothers can buy milk but not milk powder on Sundays. Motorists can buy tyres but pedestrians cannot buy shoes. Fish and chip shops must stay closed, but Chinese, Indian, and the newer "fast-food" shops can stay open.

The contradictions are numerous. The National Consumer Council says: "These anomalies are unfair to traders

and incomprehensible to consumers."

The 1950 Shops Act is the main legislation governing Sunday trading; some of the anomalies exist because of the various other laws enacted since the 15th century, such as the Fairs and Markets Act of 1443.

Basically, the law prohibits all Sunday trading, with only a few exceptions (see panel).

Some enterprising traders have attempted to get round the law by such methods as selling a bunch of carrots and giving away a "free" three-piece suite, or a rapid conversion to Judaism or other faiths. But the courts have usually ruled against such blatantly evasive tactics.

The onus for enforcing the Shops Act falls on local authorities. But their attitude to enforcing the law varies widely and depends mainly on the authorities' financial position to maintain inspectors. Many local authorities turn a blind eye to illegal Sunday trading—although a few, such as Westminster City Council which is pursuing the Whiteleys case, attempt to enforce the law.

In any case, the law is not always immediately effective. If criminal proceedings are taken against a trader, he may just pay a fine and continue Sunday trading. The only effective method for a local authority is

to apply to the courts for a civil injunction.

There have been several attempts in recent years to change the laws, ever since the Crathorne committee, set up by the Government, recommended in 1964 that the many anomalies should be removed to

Under the 1950 Shops Act all shops must shut for trading on a Sunday, except for:

- ① Selling fresh foods (but not meat), newspapers, cigarettes, and medicines.
- ② Shopkeepers whose religious faith celebrates its sabbath day not a Sunday (providing they shut on their own sabbath).
- ③ Traders in holiday resorts, who can open for 18 Sundays a year to sell souvenirs and bathing and fishing goods. A few London street markets are allowed to open on a Sunday—but most are operating illegally.

make the rules more appropriate to modern trade and more comprehensible to consumers.

However, all attempts have so far failed—including the latest last month by Mr. Clement Freud, Liberal MP for Ely.

The reason for the failure stems largely from the powerful pressure groups opposed to liberalising the Sunday trading legislation. The opposition

includes religious groups, such as the Lords Day Observance Society, trade unions such as the Union of Shop, Distributive and Allied Workers, and employers' organisations such as the National Chamber of Trade and the Retail Consortium.

Many individual traders are also opposed to the idea, they fear that any liberalisation would force them to open on a Sunday in order to stay competitive.

Among the main arguments put forward by opponents of Sunday trading are that it will increase prices for the consumer as well as being unfair to shop workers. It is argued that, if shops opened on a Sunday, retailers would have to pass on to the customer the extra overheads as well as staff overtime.

It is argued also that weekend working by shop staff—many of them women—would severely disrupt their family and social life.

Supporters of Sunday trading, not surprisingly, oppose these arguments. They claim that retail prices would not necessarily increase since the extra costs would be absorbed by the higher volume of sales.

The groups ranged in support of Sunday trading include the London Tourist Board, the Institute of Shops, Health and Safety Act Administration, the Association of Metropolitan

Authorities and consumer groups such as the Consumers' Association and the National Consumer Council.

The popularity of shops which are open on a Sunday—especially food shops—suggests that the consumers are also in favour.

On the other hand market research carried out for the National Consumer Council did not suggest an overwhelming demand by consumers for Sunday trading. A third of those surveyed supported longer shopping hours in general and the NCC felt able to conclude that "the most important finding is that the percentage of people prepared to take advantage of Sunday opening is now very substantial."

Supporters of reform also point to Scotland where Sunday trading is in many cases legal because the particular provisions of the Shops Act do not apply there. Many large retailers like Habitat and Asda, open their stores on Sundays in Scotland without charging higher prices or upsetting staff.

Since the Home Office review of the Shops Act is likely to take at least a year to complete, no early action is expected. Supporters of Sunday trading remain convinced that giving traders and shoppers the freedom to choose when to trade must be an attractive option for Mrs. Thatcher's policy of free enterprise.

£30m North Sea tender by Cammell Laird

BY OUR OWN CORRESPONDENT

BRITISH Shipbuilders' Cammell Laird Birkenhead yard is expected to tender shortly for a £30m-plus contract to build an advanced twin-hull semi-submersible diving support vessel, designed for North Sea work.

The potential buyer is a consortium being set up by the merchant bank Kleinwort Benson, which hopes to place 50-60 per cent of the consortium's equity with institutional investors. The remaining stock will be shared between the Aberdeen-based companies Seaforth Maritime and Wharton Williams Taylor.

British Shipbuilders has commissioned the refinement of an advanced design of the vessel prepared by Submarine En-

gineering, whose managing director, Mr. Thor Haavle, designed the Uncle John, the first purpose-built semi-submersible diving support vessel in the North Sea.

Cammell Laird will face strong overseas competition. To build the vessel in a foreign yard would cost about £30m. There have been preliminary indications that building it in the UK would cost the consortium between £36m and £37.5m, even taking into account the shipbuilding subsidy provided by the UK's Intervention Fund. The fund, which must be approved by the EEC, would provide a maximum of 23 per cent of Cammell Laird's overall price.

Drilling rig order will mean 800 Clydebank jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A second order to build an £18m drilling rig is likely to be announced shortly by the French-owned company UIC (Shipbuilding) which has taken over the former Marathon yard at Clydebank.

Last month the yard signed an agreement with Permisco, a Mexican drilling company, to build a jack-up rig for use in the Gulf of Mexico.

Oil industry sources suggest that UIC is about to conclude another deal with a U.S. owner. The orders, the first for a U.K. yard for rigs to be used

in U.S. waters, have, up to now, been supplied exclusively by local constructors and confirm the pick up in the rig market, stimulated by a new wave of exploration.

They will secure the 800 jobs at Clydebank until 1982 and are likely to be financed by a Scottish bank, bringing an added benefit to the economy.

UIC may delay the start of construction on a second contract in order to fulfil its obligations to Marathon, which licenses the Clydebank yard to build rigs to its patented design.

MP urges repeal of Homeless Persons Act

BY ROBIN PAULEY

THE GOVERNMENT is being urged to repeal the Housing and Homeless Persons Act following a judgment in the Appeal Court yesterday confirming that homeless foreigners arriving in England with nowhere to go are entitled to priority treatment from local authorities.

The court unanimously dismissed an appeal by the London borough of Hillingdon against a High Court order that it was bound under the Act to provide a home for Mrs. Sophia Streeter, a homeless Ethiopian war refugee, and her eight-year-old son.

It rejected Hillingdon's plea that it owed no legal duty to homeless people who had no local connection. Lord Denning said: "The council's duty no doubt puts much expense on it. It may have other cases of homeless people coming into Heathrow Airport. But the airport pays rates and brings money into the area. The housing authority should shoulder the burden." Lord

Justice Waller and Lord Justice Dunn agreed. Immediately after judgment, Mr. Robert Adley, Tory MP for Christchurch and Lynton, tabled a Parliamentary question asking Mr. Michael Heseltine, Environment Secretary, to repeal the Act.

"This judgment is an incentive to people all over the world to land at any British airport or seaport and declare themselves homeless and demand to be housed," he said.

Last week, Mr. John Stanley, Housing Minister, said in a written Commons reply that the Act was under review already and the Government was considering whether any changes were necessary. "We will announce our conclusions as soon as we can," he said.

Mr. John Watts, Hillingdon Council's leader, said yesterday that the council would be looking for every possible loophole "to protect the people of Hillingdon" but would not take this particular case to the House of Lords.

NCCL opposes Bill on marches

THE NATIONAL Council for Civil Liberties yesterday launched a campaign against a Bill which would require the organisers of a march to give advance notice to the police. It opposes the Greater Manchester Bill, a local authority Bill, part

of which requires the prior notice.

The NCCL has lodged a formal petition in the House of Commons which means that the Bill will have to go to an opposed Bill committee, where MPs will hear evidence on the notice requirements.

The firm
to break the US \$1 Billion
UK export credit barrier

The most recent loan agreements—in Mexico, Portugal and Poland—have taken us beyond this figure under the Foreign Currency Credit scheme of the Export Credits Guarantee Department.

We would like to express our thanks to ECGD for their invaluable cooperation which made this achievement possible.

Lloyds Bank Group

LLOYDS BANK LIMITED, LLOYDS BANK INTERNATIONAL LIMITED
LLOYDS BANK GROUP EXPORT FINANCE DIVISION, ANTHOLIN HOUSE, 71 QUEEN STREET, LONDON EC4N 1SL. Tel: 01-248 9822

UK NEWS

California bank to offer mortgages in Britain

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

SECURITY PACIFIC, the second largest bank in California, is planning a major entry into the UK house mortgage market.

The bank, a large mortgage lender in the U.S., said yesterday it had allocated £175m initially for UK home loans. This follows the success of a pilot scheme on which it has lent £25m.

Security Pacific's mortgage allocation may be judged in relation to that of Barclays Bank, which has talked of lending £200m once a scheme is unveiled later this year. So far, American banks have only £150m outstanding for house purchase in the UK.

In a separate move by another U.S. bank in the UK market, Citicorp said yesterday it was setting up a new division in London. Its initial allocation will be £12m for development and venture capital investments in UK companies. The size of

investments will range from £200,000 to £1m.

Security Pacific will be marketing its home loans through a network of 25 offices of a Reading subsidiary called Security Pacific Finance. This will be backed by an advertising campaign with a 1981 budget of £300,000.

Under the terms of its scheme, Security Pacific will lend money for up to 25 years at an interest rate of 2½ to 3½ per cent over bank base rate. At present this would mean borrowers paying 18½ per cent at least for their mortgages.

The scheme is aimed at people in the higher income groups seeking mortgages for higher priced houses. At present the average loan is £30,000 but Security Pacific expects loans to range from £40,000 to £80,000 once the scheme becomes fully operational.

The lending will be funded partly from head office and

partly through money market borrowing.

Security Pacific has been preparing for the launch since 1975, and has recruited a staff of 120 people with building society, insurance, finance house and banking backgrounds.

Citicorp has been involved in venture capital investment in the U.S. since 1968. It now has a portfolio, including a number of quoted companies, valued at more than £165m.

The UK operation will be marketed through a division called Citicorp Development Capital which will be headed by Mr. J. Eric Sweet, a Citicorp vice-president.

Mr. Sweet said yesterday he was interested in medium-sized technologically-based companies with growth potential. They should have a minimum turnover of around £4m. In addition, Citicorp will make investments for replacement of capital in demerger.

Comben offers redundancy guarantee to housebuyers

BY TIM DICKSON

COMBEN GROUP, the publicly quoted housebuilders, launched a scheme yesterday which will guarantee the mortgage repayments of homebuyers for up to three years should they be made redundant.

The scheme, which applies to anyone planning to buy or in negotiation to buy a Comben home, is completely free and takes the form of a single insurance policy taken out by the company. Comben declined to say how much this is costing but emphasised that its house prices were not being increased as a result.

The group also refused to identify the underwriter, except to say that it is "a leading U.S. insurance company." Comben's customers, however, will be given the name individually.

Qualifying purchasers have to be in full time employment when their house contract is signed and have to promise that they are not under notice of redundancy at the time. The offer begins on the day of legal completion. The cover applies for the first three years so that someone who completes this month and becomes redundant in June, 1983, will receive only a month's mortgage repayments. In the case of a joint mortgage, with joint incomes, either party can choose to be covered by the offer.

Comben admits that because of the economic climate demand for new homes is disappointing at the moment—but the group denies its insurance cover scheme is simply a marketing drive. "Our research indicates

that fear of redundancy is a major reason why potential house buyers are holding back," says managing director Mr. Terry Roydon.

"There is mortgage money available at present and sufficient homes to buy. But it seems there is a loss of confidence in the future among would be housebuyers."

Comben, which specialises in the £25,000-£40,000 small detached family home, expects to sell about 16,000-17,000 homes in the next 12 months.

Its homework revealed that in a recent sample of its customers only four out of 4,000 have ever been made redundant. "It's all about the perceived risk," observed Mr. Roydon.

Sainsbury computer plan to save fuel

BY MAURICE SAMUELSON

J. SAINSBURY, the food chain, yesterday announced a plan to control the fuel consumption at 80 of its 199 supermarkets by a centralised computer system.

It will control heating, lighting and refrigeration equipment, and could eventually be attached to neon signs and fire and security alarms.

With its fuel bills of £7m a year, the company hopes that the system will save £1m a year on top of the £1m which it already claims to be saving through better staff education and heat recovery systems introduced in the past ten years.

Initially, five supermarkets will be linked to the system, which will be monitored and partly financed by the Energy Department. If successful, Sainsbury plans to extend it to 80 of its biggest supermarkets in Southern England by 1985.

Uxbridge. At the company headquarters in Blackfriars, London, a central computer station will co-ordinate all regional activities and provide a centre for data collection.

Connecting the first five stores will cost £90,000, of which the Energy Department will provide 25 per cent in the form of a demonstration grant. Mr. Hoyer Millar said this was not cheap, "but it is still cheaper than doing nothing at all."

The initial payback period was expected to be three years. But when additional stores were connected, at a cost of £10-£12,000 each, payback time would be cut to one or two years.

Non-teaching school staff cut by 10,000

By Michael Dixon, Education Correspondent

A FALL from 430,000 to 420,000 in the number of non-teaching staff in State schools was reported by the Education and Science Department yesterday. Reductions of about 28,000 teachers and 32,000 other staff in the next five years were projected in the spring Budget.

Ministers are still worried by local education authorities' apparent failure to achieve the expected economies. School meals savings in particular seem likely to be only half the £200m wanted.

Ways of tightening the squeeze on educational and other local authority expenditure are to be discussed by central and local government representatives in London on July 28.

Friends' Provident wins

BY MICHAEL DIXON

THE £750 first prize in the National Management Plate contest was won in London yesterday by four staff from the Stock Exchange branch of Friends' Provident Life Office.

Their national consumer durable company finished with a £5.7m profit. Second prize, £500, went to a four-strong team from Advance Linen, with a profit of £4.9m. Five players from Touche Ross won the third prize, £250.

The contest is a subsidiary

competition for teams knocked out in the first round of the national management championships sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales. The CBI and Institute of Directors are associate sponsors.

The championship final, between Shell UK, Samuel Moggan, Rank UK and IMI, takes place in London on July 23 and 24.

De Beers deal 'evaded spirit of fairness'

BY CHRISTINE MOIR

DE BEERS Consolidated Mines, a South African company, acquired 25 per cent of Consolidated Gold Fields by February 12 in a two-stage process which exploited weaknesses in UK company law and share registration procedures, and involved members of the Stock Exchange in evading the spirit of fairness and disclosure on which the London market is based.

This is emphasised in the 35-page report of a Stock Exchange committee which investigated the affair.

No laws or Stock Exchange regulations were broken by any party, the committee insists, but principals, jobbers and brokers involved "went as far as the law allowed in their wish to maintain total secrecy."

The detailed case study which has taken the three-man committee four months to complete, provides a rare exposure of the workings of the market, including the role of Stock Exchange officials.

At a time when the Stock Exchange's rule book and regulatory mechanisms are under close scrutiny by the Restrictive Practices Court and in the aftermath of the Wilson Report on the City, it is likely to prove highly embarrassing.

De Beers began buying shares in Consolidated Gold Fields on October 28 last year through a number of different friendly companies, each of which acquired less than 5 per cent blocks—so that they were not required under company law to disclose their identities.

The deals were carried out by Rowe and Pitman, brokers, through Akroyd and Smithers, jobbers. Both brokers and jobbers made sure that the transfer forms in each case were left blank ensuring that the true identity of the buyer remained unknown.

Blank forms are not possible for securities traded under Talisman, the Stock Exchange's new computerised dealing system.

Consolidated Gold Fields shares were announced as being introduced to Talisman, but Mr. Robert Fell, the Stock Exchange's chief executive, removed the company from the computer list after Akroyd had explained that it had a standing order which could be filled only through blank forms.

Despite the secrecy involved, rumours circulated that heavy buying was going on—and the board of Consolidated Gold Fields asked the Stock Exchange to make inquiries.

It made its request because

BL move to sell cars to unionists

BY NICK GARNETT, LABOUR STAFF

SENIOR TRADE union officials and representatives of BL Cars and its finance and distribution services have set up a joint working party to devise ways of providing financial inducements for trade union members to buy the company's vehicles.

Cheap loan finance and insurance as well as direct cash reductions of the price of cars sold to members of TUC unions are being considered by the working party which hopes to produce proposals within a month.

BL made a presentation of its

vehicles and services to officials of 43 unions earlier this week. This was accompanied by discussions designed to promote sales of BL cars to those unions.

The working party, which largely results from an initiative by the trade unions seriously worried at the slump in BL sales is mainly designed to produce ways of encouraging individual union members to buy BL products.

Union officials on the committee are: Mr. Moss Evans, Transport and General Workers Union general secretary; Mr.

Terry Duffy, president of the Amalgamated Union of Engineering Workers and Mr. Don Paine, General and Municipal Workers Union finance officer.

The chairman is Mr. Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff who initiated the BL presentation.

The working party will include representatives from BL Cars, the BL distributors council, and BL finance, which is part of the Lombard North Central.

BL said yesterday that if firm scheme could be worked out it would involve inducements from finance and distribution services which are independent of BL.

"There would be no question of BL itself subsidising any section of the community," the company said.

The company has a target of 20 per cent of the market for the year, but in the first six months had a market penetration of only 17.88 per cent. Last month its penetration was only 13.18 per cent.

The company believes the exclusive use of BL cars for union fleet buying would boost sales by 6,000 cars.

Mr. Grantham said yesterday: "By supporting BL the unions are helping to maintain employment not only in BL itself but also in the supplier industries such as rubber and steel."

"We are ready to discuss ways of encouraging trade union members to buy BL vehicles and so increase the sales potential of the company, make a positive contribution to insuring BL's future and the launching of new models."

Thorn-EMI to shut Essex factory

BY GUY DE JONQUIERES

THORN-EMI, Britain's biggest manufacturer of consumer electronics products, is to shut one factory and cut working hours at two others because of flagging sales of audio systems.

The company's factory at Chigwell, Essex, will close, making 230 workers redundant. A three-day week will be introduced from August 1 for about six months at its plants in Newhaven and Bexhill, in Sussex, which together employ 700 people.

The moves stem principally from a sudden weakening of the UK market for music centres, audio systems in which all components except loudspeakers are built into a single unit, combined with increasingly aggressive import competition.

According to the British Radio Equipment Manufacturers' Association, the market for music centres has stagnated. It expects total sales this year to be at or below last year's level of 985,000 units.

Imports accounted for 185,000 or 75 per cent of the total of 245,000 units delivered in the first three months of this year, compared with 105,000 (57 per cent) out of 185,000 during the same period last year.

The imports, chiefly from the Far East, are priced around 25 per cent lower than comparable British manufactured products. Conditions have been made worse by rising levels of unsold stocks.

The Rank Organisation announced recently that it was planning to end production of music centres at the end of this year. Other British-based manufacturers, including IFT, Fidelity and Philips, have also found the market increasingly difficult.

The industry's problems are due partly to a swing in consumers' taste away from music centres in favour of systems composed of separate components or mounted in vertical cabinets.

£1m tax bill cut to £1400

A film income tax assessment was reduced to £1,400 by the House of Lords yesterday.

The assessment had been made on Mr. Cecil Yull under a section of the Income and Corporation Taxes Act, 1970, designed to prevent the avoidance of tax in connection with dealings in land.

The Revenue asserted that by sales of land to a company called Cecil M. Yull, in 1974, two Guernsey-based Yull family trust companies had made a profit of over £1m.

Mr. Yull was liable to pay tax on that because he had put the profit the Guernsey companies' way, the Revenue contended.

Steel output down 16%

UK STEEL production for June was down 16 per cent on last year.

Although output was 8.8 per cent more than in May at 384,200 tonnes a week, this only reflected recovery from the strike in the British Steel Corporation.

BSC said the figures were evidence of the underlying fall in demand, which was expected to be 8 per cent lower for the whole year. Despite predictions by the main steel union that demand will recover, there is no real evidence of a resurgence.

Shell and Esso plan £15m pipeline for Scots chemical plant

BY SUE CAMERON, CHEMICALS CORRESPONDENT

SHELL AND ESSO intend to spend about £15m on enlarging the pipeline they plan to build from the Scottish coastal terminal at St. Fergus to their protected chemical complex at Mossburn, Fifeshire. The aim is to take advantage of feedstocks coming from the proposed £1.1bn North Sea gas-gathering system.

Last night the scheme was being seen as part of a plan by a group of major UK-based chemical companies to prevent the U.S.-based Dow Chemical gaining access to gas from the proposed North Sea pipeline. The British companies—BP Chemicals, Imperial Chemical Industries and the Shell group—want to use the gas as a raw material for their own chemical plants in Scotland and on Teesside.

Shell and Esso originally wanted to build a 16 in diameter pipeline at an estimated cost of £50m from the St. Fergus terminal to Mossburn, 22½ kilometres away. The two companies are building a gas separation unit and an ethylene plant at Mossburn, supplied by gas from the North Sea's

Brent field.

But now Shell and Esso have put in a planning application to build a 24-inch diameter pipeline instead of a 16-inch one. This would enable them to use gas from the new North Sea gas-gathering pipeline that was given Government approval last month, as well as Brent gas.

Work on the gas separation plant at Mossburn is due to be completed early in 1983. The ethylene plant is expected to be finished late in 1984.

A public inquiry into the Shell and Esso land line is to be held in late September. Shell UK says permission for the pipeline is required as soon as possible so that it can be laid by the end of 1982.

Dow Chemical want to build an ethylene plant at Nigg Bay on the Grampian Firth, using gas from the planned North Sea pipeline as a raw material. Shell says that even if an ethylene plant were built at Nigg, the gas feedstocks would sometimes need to be diverted elsewhere when the plant was stopped for maintenance.

Company liquidations at post-war record

BY JAMES McDONALD

COMPANY liquidations in England and Wales are occurring at more than twice the level of a post-war record, says Dun and Bradstreet, the international credit reporting and debt collection organisation.

It estimates that total company liquidations in the first half of this year, at just under 3,200, were 43 per cent higher than in the same period of 1979. Compulsory liquidations show the sharpest increase. There were 1,544 winding-up orders, compared with only 928 a year ago—a jump of more than 60 per cent.

Creditors' voluntary liquidations have risen substantially. The 1,655 total recorded in the first half of the year was 26 per cent higher than in the same period a year ago.

Bankruptcies have increased, although at a lesser rate of 3 per cent to 1,859. Dun and Bradstreet says this is the first "significant reversal of the downward trend in bankruptcies since 1977-78."

The organisation suggests statistics are only part of the picture. "Many small firms slip through the net by simply ceasing to trade and disappearing overnight, often leaving large debts behind them."

The survey notes a significant difference between present insolvency and those of the 1974-75 recession. Today's problems are not confined to small companies. "Low liquidity is forcing even well established companies into extremely vulnerable positions."

With even big companies needing cash urgently, debts are being passed to collecting agencies sooner than usual.

Creditors are increasingly willing to take bad payers to the courts even for small claims. Dun and Bradstreet has experienced a considerable rise in the volume of credit inquiries, together with more credit checks on regular customers. "Construction companies, even those with high credit ratings, are being very carefully assessed before trade dealings commence."

In the South-East, the agency says even previously secure and reliable companies are now finding themselves in trouble.

It says small printing companies, furniture and fashion retailers are particularly bad payers at present. The organisation's subscribers are pressing harder than ever before for petitions to wind-up slow payers.

In the South and South West Dun and Bradstreet says there has been a 17 per cent increase in the rate of credit enquiries with boat-builders particularly hit by a sharp decline in demand as well as reduced export sales—often re-assessed for credit.

In the West Midlands and Wales the survey says big companies tend to be the worst offenders by deliberately holding back on payments to suppliers. Credit inquiries in Yorkshire are concentrated on textiles and steel.

Dun and Bradstreet expects its figures to be confirmed later this year by the Department of Trade who statistics for the first five months show a seasonally-adjusted total of companies put into liquidation of 3,493—indicating an annual rate of 5,983. The pace of liquidations has speeded in recent months.

Brussels tapestry is top lot at £213,050 sale

CONTINENTAL furniture, tapestries, Eastern rugs and carpets made £213,050 at Christie's in London yesterday.

The highlight of the sale was a Brussels tapestry from the History of Cyprus of the mid-16th century, with the weaver's mark of Jan van Tigen. This fetched £20,000. The main furniture item was a Liege bureau-cabinet that sold for £15,000.

In a separate sale, Russian and Greek icons amounted to £34,350.

Christie's, together with Hamilton and Hamilton, Dublin, sold the contents of Belvedere Mullingar, Co. Westmeath, on Tuesday. Spink gave £14,000 for a painting by Edmund Bristow of an Arab stallion by the Great Pyramid. It was a record for the artist. A pair of George II giltwood pier glasses made £5,800. The total realised was £148,837.

Sotheby's main sale of the day comprised 18th and 19th century watercolours and drawings. The highest price was £16,000 for The Visit or The Use

of Tears by Richard Parkes Bonington.

William Etty sketches containing studies of nudes were £12,000. Spink gave £8,500 for a Calistogon and Fillingdon £6,400 for an Edward Lear.

Jewels made £163,660. An octagonal step-cut 3.77 carat diamond

mond, mounted as a ring between baguette diamond single stone shoulders, fetched £8,500. An emerald and diamond three-stone ring sold for £5,000. Silver sold well, making £69,391. A Commonwealth porcelain and cover, marked on the base and cover by Arthur Mawaring, London, 1857, went to an American buyer for £1,600. Robson Lowe's three-day sale of the Great Britain Minimus Collection amounted to £107,080.

SALEROOM
BY PAMELA JUDGE



ICL IS DISPELLING A FEW MYTHS.

ICL is a major, profitable and growing British computer company with a considerable record of achievement at home and abroad. However, we've noticed that several myths exist about us.

Like, ICL doesn't compete in world markets. That America leads the world in computer research and development. Or even that ICL is owned by the British Government!

Those are the myths. But what about reality?

Last year, our overseas revenues were almost £300 million (nearly half our turnover) and over the last decade we have been winning contracts all round the world against fierce international competition. Even in America and France, both countries with big international computer companies of their own. Our customers spread across over 80 countries in 5 continents. If that isn't competing in the world market, nothing is.

And what's more, we are the *only* international computer company whose profits are distributed in Britain – to our people, our shareholders and for more research and development. No other large computer company may say that.

As for America being ahead of the world, Britain, and ICL, have contributed many 'firsts' in the development of new computer techniques. Recent developments like our Content Addressable File Store or the new Distributed Array Processor, are acknowledged to be fundamental to the

advancement of computer technology. It is because ICL believes it is vital for Britain to control its own future, that it continually invests in an intensive research and development programme.

We have never been owned by the Government. In 1968, when ICL was formed, the Government acquired a minor shareholding. A limited single tender policy, for central Government departments only, was also introduced to give ICL similar advantages to those enjoyed on a much larger scale by other international computer companies in their own countries. And by 1979, when the National Enterprise Board sold its holdings, ICL's turnover had risen from £92 million to a staggering £624 million – only 6% of that due to the single tender policy.

ICL offers a wide range of advanced computer systems and comprehensive support to its customers. Our systems are innovative, flexible and competitively priced. And, in a world market worth £25 billion a year, ICL is determined that Britain doesn't miss out.

Above all, we believe that satisfied customers are our future. This conviction, along with our strength and confidence has made a British company, ICL, one of the leading international computer companies in the world today.

Don't decide on a computer company until you know about ICL

This advertisement is one of a series. If you would like a folder of the complete campaign, please write to David Darby, at International Computers Limited, ICL House, Putney, London SW15 1SW

ICL

UK NEWS - LABOUR

Miners vote for disobedience

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS yesterday put their union again at the head of political and industrial opposition to a Conservative Government, with a challenge to the Trades Union Congress in September to sabotage the new industrial relations law and its curbs on trade union activities.

The final resolution of the National Union of Mineworkers conference in Eastbourne set the seal on a new left-wing programme for the union, constructed and carried through this week by the militants led by Mr Michael McGahey from Scotland and supported by Mr Arthur Scargill from Yorkshire.

Government policies for wages, economic management, industrial relations, nuclear power, the European Community and the NATO alliance

were all embraced by the radical programme.

As it lodges a 35 per cent pay claim, the union will be forwading to the TUC its demand that the trade union movement refuse to recognise the Employment Bill when it becomes law later this month, and that it should mount a campaign of non-co-operation, including industrial action if necessary.

This should stimulate the most important debate at the Brighton congress for many years because the NUM line is bound to be seen by many moderate unions as too harsh.

Speakers yesterday said that the Bill's measures on the closed shop, picketing and sympathetic industrial action—were so severe an attack on trade union rights—as to justify

defiance of the law.

Mr Peter Heathfield, of Derbyshire, argued that trade unionists would have no alternative but to oppose it—and history provided many precedents for disobedience. Mr Scargill, in an apocalyptic address, said: "We are perfectly prepared to accept the consequences of our actions, even if it means going to jail."

Such defiance was in the best interests of the trade union movement, he claimed.

The only split vote on a major issue came when the Yorkshire miners succeeded in changing the national union's policy to one of outright opposition to the use of nuclear power in Britain. That vote will undermine the somewhat fragile coalition of power which unions

achieved at last year's TUC congress.

Mr McGahey—for once finding himself on the other side of the argument from Mr Scargill—used all his oratorical power to try to persuade the delegates neither to isolate themselves from the rest of the movement, nor to seek to leave Britain alone among industrialised nations without a peaceful nuclear technology.

Delegates also called on the Labour Party to mount a campaign for British withdrawal from the EEC in order to regain UK sovereignty for the execution of socialist policies in the future. Mr Jos Gornery, NUM president, was among those who called for another referendum as soon as possible to decide the issue once and for all.

BBC and musicians agree to ACAS talks

By Our Labour Staff

THE BBC and the Musicians' Union have agreed to separate talks at the Advisory, Conciliation and Arbitration Service today in an effort to resolve the six-week strike over the corporation's axing of five symphony orchestras. The talks could lead to a joint meeting.

Too much comes only a week before the Promenade Concerts are due to take place. The BBC has insisted so far that if the concerts were cancelled, it would be the union's fault.

But BBC officials said yesterday that the corporation had fresh proposals or it would not have called the ACAS meeting.

The main scope of the proposals seems likely to rest on a compromise over the Scottish Symphony Orchestra.

Mr John Morton, the union's general secretary, said the union was concerned about all five orchestras. Its response would not rest on any move on one.

ICI day of protest
"THOUSANDS" of ICI white-collar staff were expected to join a protest day of action over a 18 per cent pay offer, the Association of Scientific, Technical and Managerial Staffs said yesterday. It is their first industrial action.

Wage cut vote
MORE THAN 700 drivers and conductors employed by the Northampton-based United Counties Bus Company started voting in a secret ballot yesterday on whether to take a £30-a-week wage cut to ease the company's £1m a year losses.

Observer offer
THE OBSERVER newspaper confirmed yesterday that it had not improved its offer to the National Graphical Association in talks on Wednesday. The union's national council is to consider the offer on Tuesday.

Papers back
THE GLASGOW Evening Times and Glasgow Herald resumed publication yesterday after a nine-day dispute involving case room workers.

Times threat
JOURNALISTS at Times Newspapers will debate strike action at a mandatory chapel (office branch) meeting in the week beginning July 21. Management has said it will not resume negotiations on its 15 per cent pay offer until then.

Union wins ruling on flag of convenience ships

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE INTERNATIONAL Transport Workers Federation (ITF) has won an important legal victory in its campaign to drive from the seas ships flying flags of convenience.

The Court of Appeal decided yesterday that any dispute arising from actions taken by the ITF to further that 'ultimate objective' was a trade dispute and covered by the immunities from court action afforded by the 1974 Trade Union and Labour Relations Act.

Even a dispute not directly related to the terms and conditions of employment of the seamen immediately involved would come under the Act, the court held.

The Act defines a trade dispute as being one concerned with the terms and conditions of employment of workers.

The case concerned a demand for \$6,480 contribution to the ITF welfare fund made to the Universe Tankships Inc. of Monrovia as part of a ransom package for the release of the 269,082 tanker Universe Sentinel when she was "blackballed" by the ITF at Pembroke docks in 1978.

The ITF appealed against a commercial court judge's ruling that the company was entitled to get the money back because it had been paid under duress and had not been legitimately demanded in a trade dispute.

Lord Justice Megaw said that, in view of past court decisions, notably that of the House of Lords in the *Nawala* case, the Appeal Court was driven to the conclusion that the welfare fund dispute had to be regarded as one connected with terms

and conditions of employment. That was because of the possibility that Universe Sentinel crew members, or other seamen employed by Universe Tankships or other shipowners might derive benefits in the form of amenities at seaports, or perhaps even financial assistance, from the welfare fund.

Such "fringe benefits" would establish a connection—though perhaps a tenuous one—between the fund and the seamen's terms and conditions of employment, said the judge.

The court also overturned the Commercial Court's ruling that the intention had been that the \$6,480 should be held in trust for the fund, but that, as the fund's purposes were not charitable, the trust was void and the money repayable.

IDEALISTS IN TALKS WITH MRS. THATCHER

Suspicion meets unpaid work idea

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE ORIGINS of the proposal by Mr. Prior, the Employment Secretary, that the unemployed should take up unpaid social work like in a plan by an idealistic organisation, Community Service Volunteers, CSV, was running on a shoestring for 18 years before being projected to the centre of a national drama.

The plan was to extend the scope of its work by finding community employment for 2,000 more volunteers, raising the number placed by the organisation in a year to 5,000. Its resources—it receives about £4.5m a year from central and local Government, and from donations—did not allow such ambitious expansion. It thus went to the Government for more.

How much more has not been revealed. However, Mrs. Elisabeth Hoodless, CSV's executive director, says the cost of placing a volunteer in community service is about £220, while that of keeping him in board and lodging, with some spending money, is about £25 a week. Roughly, then, the extra funds needed will be more than £2m.

Such sums do not usually involve the Prime Minister, Sir Keith Joseph, Industry Secretary and Mr. Prior in earnest discussions at 10 Downing Street. However, they did on

Monday night with Mrs. Hoodless and Dr. Alec Dickson, CSV's founder. Though they received no promise of money, their views received close attention. Further meetings are planned with Lord Gower, Employment Minister.

Since foundation in 1962, CSV's major purpose was creating voluntary work for those wishing to serve the community by running playgroups, working in old people's homes, or providing services to the less fortunate.

Mr. Dickson adapted the idea from Voluntary Service Overseas, which he had founded. This was an uncontentious project in the full employment '60s. By the mid-70s, however, it became clear it was playing a role in the employment market, especially the youth unemployment market. Now, as unemployment climbs towards 2m, it is seen by a hard-pressed Government as a source of inspiration for ways to avoid the social annals attendant on jobless youth.

The unions view such ideas with concern. Mr. Terry Flannery, TUC president, who is general secretary of the Fire Brigades Union, told the Mineworkers' conference in Eastbourne yesterday that if Mr. Prior meant putting people to work on the

roads, the idea was "not on at all". Others, like Mr. Bill Whitley, general secretary of the shop workers' union USDAW, said people doing community work should be paid.

The Government has stressed that Mr. Prior did not mean the unemployed would be forced to work in road-gangs, or anything like it. Any schemes, it says, would be wholly voluntary and were at discussion stage. Both Mr. Prior and his Department of Employment colleagues have expressed surprise over the fuss being made.

After all, they say, such community service work already goes on, through CSV and other bodies, and any scheme would be undertaken only after consultations with unions. The TUC has other ideas.

By coincidence, its economic committee decided to make unemployment the central theme of its campaign for economic and social advance a few hours before Mr. Prior spoke of his thoughts. Mr. Prior's off-the-cuff revelation did not get to the serious strand at Government thinking, one present at the highest level. It is, however, an emotional and highly-charged area where unions will be suspicious of any initiative.

TUC steel committee seeks talks on Consett

By John Lloyd, Labour Correspondent

THE TUC's steel industry committee is to press for a meeting with the British Steel Corporation on July 23 to express its grave concern over the closure of the Consett steel works, in County Durham, where 3,700 workers are to lose their jobs.

The committee met yesterday in Consett, where it heard the views of the workers and local people. The closure of the works will mean that the male unemployment rate in the town will rise to about 35 per cent.

The Consett closure is likely to provide BSC with a bitter struggle. The workforce claims that the plant has been both efficient and profitable, and has said that it, together with the local community, will fight a shutdown.

On Wednesday, some 850 workers staged a demonstration in London, and handed in a petition bearing 20,000 names to 10 Downing Street.

The Government has pledged £10m to build factories in Consett and Scunthorpe over the next five years.

Sealink strike over

THE TWO-WEEK strike by British Rail Sealink ships' officers over pay differentials ended yesterday when the 190 men accepted a new offer.

ITN new technology deal delay threaten Olympics coverage

BY PAULINE CLARK, LABOUR STAFF

PLANS BY Independent Television (ITN) to use video-transmission to cover the Moscow Olympics were yesterday said to be threatened by delays in management and journalists agreeing on new technology.

Talks between management and National Union of Journalists members made little progress, in spite of the recent co-operation agreement reached with technicians.

The company wants to use Electronic News Gathering (ENG)—direct transmission through video-cables—for the first time at major international news events this summer.

The NUJ said that an agreement with the 105 ITN journalists was as crucial to widespread introduction of new technology in British television

as had been the pay-and-conditions deal settled with the Association of Cinematograph, Television and Allied Technicians.

ITN agreements with hub technicians and journalists are likely to give an important lead to further progress on introduction of ENG to other independent television companies.

Any agreements on the issue of ITN will put the BBC under increasing pressure to reach similar deals with its own unions so it can compete effectively with commercial television's news service.

ITN journalists seek an increase "in double figures" in recognition of extra pressures they say they will come under with use of ENG.

They said yesterday that no offer had been made and that management was considering the NUJ's offer to go to arbitration.

The journalists said use of video-transmission would mean they had to take quicker decisions at news events and work to earlier deadlines.

Job creative
PRODUCTIVITY improvements create jobs, Mr. Jim Lester, Parliamentary Under-Secretary for Employment, said yesterday. A study by the department showed that the 10 industries with the largest productivity growth rates increased employment by a net 165,000 from 1954 to 1973 when total employment in manufacturing fell by 800,000.

Water workers accept pay offer

BY PAULINE CLARK, LABOUR STAFF

A PAY DEAL, estimated at 14 to 20 per cent, was reached between the National Water Council and the union representing the industry's 30,000 white collar workers yesterday.

The deal which will add some £35m to the pay bill is roughly in line with last month's settlement for 58,000 gas industry staff, a similar capital-intensive public sector industry.

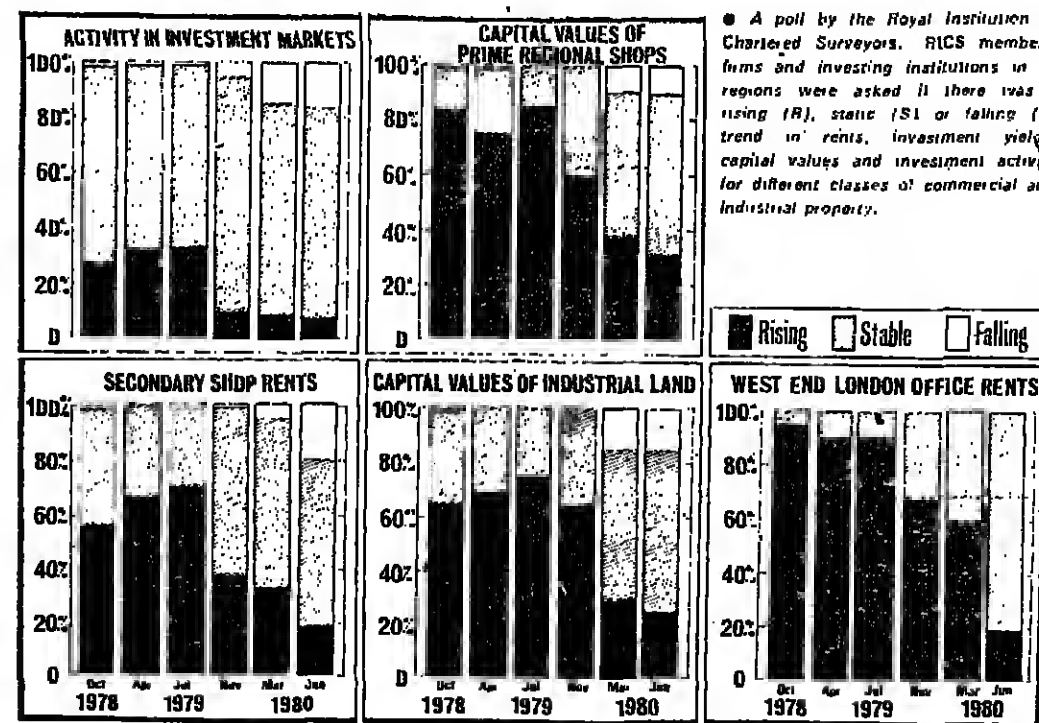
The Union had rejected an earlier offer of 14 to 16 per cent which is closer to the Government's target for public sector pay.

An increase in water rates, reflecting the deal, is expected. Pay in the water industry makes up a quarter of total costs. Capital costs represent about half of the total.

The deal is accompanied by a union commitment to accept an efficiency programme which management says involves keeping down manpower requirements.

A middle grade white collar employee currently earns between £8,879 to £23,289 a year in basic wages. The package deal also gives an extra day's leave.

PROPERTY MARKET INDICATORS



A poll by the Royal Institution of Chartered Surveyors, RICS members' firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.

Property feels the pinch

THE IMPACT of record interest rates and the industrial recession is now making itself felt in many sectors of the commercial property market, with rents peaking in most areas of the country, according to the latest national opinion poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

On a national basis the poll shows that 63 per cent of commercial agents and major investment institutions replying to the June survey, report office rents remaining largely static during the previous three months.

This is the first time since June 1978 that the proportion of agents reporting no movement in office rents has been higher than those indicating rising rents. In the March survey 54 per cent of respondents said that office rents nationally had continued to rise in the previous three months. This time, only 37 per cent said that office rents were still rising.

This picture of rents peaking for a wide range of premises has been repeated in many parts of the country during the second quarter of this year. However, in only a few instances—notably secondary shops—have rents fallen in cash terms.

After allowing for the impact of inflation, rents have been falling since spring last year. Office rents, nationally, have

apparently declined by around 3 per cent in real terms during the past 12 months.

Similar falls in the real level of shop rents in the real level of factory rents—buoyed up by the strong demand for small industrial/warehouse units—has, so far, been less marked.

But with inflation now running at an annual rate of more than 20 per cent and at least only marginal growth anticipated in cash rents, this trend can be expected to worsen in the coming months.

Even in the prestige City of London office market, only 50 per cent of commercial agents and institutional investors said that rents had continued to rise during the second quarter of this year. A similar proportion said that rents had remained static.

Although this may reflect a shortage of deals, given the limited amount of office space available in the City, recent lettings suggest that rents here too are beginning to peak with Deutsche Bank recently agreeing to pay £23.50 a sq ft for 70,000 sq ft of offices at 6-8, Bishopsgate—the highest rental so far agreed for large City space.

In nearby Holborn, office rents appear to have peaked at £16 a sq ft while in the West End a ceiling of £18 to £17 a sq ft has been reached for good quality large space.

According to the RICS poll, 81 per cent of respondents in

June said that office rents had now stopped rising in the West End and only 19 per cent reported continuing growth in rents.

More disturbing is the sharp rise in replies suggesting that West End prime shop rents have now started to fall in cash terms. This sector of the retail market has been particularly badly hit in recent months by the general decline in consumer spending but also by the fall-off in the tourist trade, upon which West End shops have relied heavily in the past.

According to the RICS poll, 43 per cent of agents and major investment institutions replying in June said that prime West End shop rents were now falling compared with only 5 per cent and 6 per cent reporting falling rents in the two previous quarterly surveys.

Elsewhere prime shop rents are largely holding their own, although there were mixed responses on the question of rental movements from agents in the East Midlands and the North. However, the proportion of respondents reporting falling rents for secondary shops has risen sharply in most regions since the beginning of the year.

In the industrial property sector the economic recession has been reflected by a slow-down in the rate of rental growth and in the second quarter of this year three-quarters of agents, nationally, said that rents for new factories and warehouses had stalled.

But despite the more gloomy

AREAS		LON. CITY	WEST END	REST GLC (EX-LON.)	SE N	N	NW	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NAT. IONAL
Compared with three months ago:																
QUESTION 1																
What is the trend in rents?																
(a) Offices	R	50	81	33	46	43	40	37	29	9	36	41	38	58	68	43
	S	50	81	33	46	43	40	37	29	9	36	41	38	58	68	43
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b) Prime Regional Shops	R	20	7	22	25	22	40	67	36	55	25	50	27	67	60	35
	S	80	50	78	71	44	50	33	57	27	67	50	73	33	40	56
	F	0	43	0	4	34	10	0	7	18	8	0	0	0	0	9
(c) Secondary Shops	R	17	0	0	4	11	27	37	21	27	8	44	13	56	20	19
	S	46	69	75	83	56	55	50	50	46	77	50	67	33	30	62
	F	17	31	25	13	33	18	13	29	27	15	6	20	11	0	19
(d) Modern Factories	R	0	29	33	26	0	18	25	8	18	29	38	15	22	25	22
	S	100	57	66	74	100	82	75	92	82	71	62	77	78	75	77
	F	0	14	0	0	0	0	0	0	0	0	0	8	0	0	1
(e) Modern Warehouses	R	0	29	33	26	0	18	12	7	27	36	38	29	30	60	25
	S	100	71	67	74	100	82	88	86	73	64	62	71	70	40	74
	F	0	0	0	0	0	0	0	7	0	0	0	0	0	0	1
QUESTION 2																
What is the trend of invest yields?																
(a) Offices	R	8	7	11	25	29	11	40	18	14	15	17	13	0	20	15
	S	92	93	89	45	71	89	60	82	86	85	83	80	100	60	83
	F	0	0	0	10	0	0	0	0	0	0	0	7	0	20	3
(b) Prime Regional Shops	R	14	7	14	24	38	10	29	8	22	25	14	7	0	20	16
	S	72	71	86	71	50	90	57	84	56	75	64	79	100	60	73
	F	14	22	0	5	12	0	14	8	22	0	22	14	0	20	17
(c) Secondary Shops	R	43	69	43	45	25	10	14	25	33	46	27	23	0	20	33
	S	43	31	57	45	75	70	57	58	56	46	33	54	100	80	86
	F	14	0	0	10	0	20	29	17	11	8	20	23	0	0	11
(d) Modern Factories	R	0	20	14	35	14	33	20	18	14	25	36	31	0	0	22
	S	100	80	86	60	86	67	80	82	86	75	64	54	100	75	74
	F	0	0	0	5	0	0	0	0	0	0	0	15	0	25	4
(e) Modern Warehouses	R	0	20	14	35	14	33	20	18	14	27	36	29	0	20	23
	S	100	80	86	60	86	67	80	82	86	73	64	64	100	60	75
	F	0	0	0	5	0	0	0	0	0	0	0	0	0	20	2
QUESTION 3																
What is the trend of capital values?																
(a) Offices	R	17	13	18	38	43	33	50	31	13	23	62	23	22	20	29
	S	75	80	82	46	43	67	50	69	87	69	31	62	78	60	64
	F	8	7	0	14	14	0	0	0	0	8	7	15	0	20	7
(b) Prime Regional Shops	R	12	22	22	26	22	30	56	29	36	17	44	33	56	40	31
	S	76	64	67	61	44	60	44	64	46	66	50	67	44	40	58
	F	12	14	11	13	34	10	0	7	18	17	6	0	0	20	11
(c) Secondary Shops	R	33	0	0	5	0	9	38	20	18	8	44	7	50	0	16
	(S)	33	38	62	41	78	55	24	47	46	46	31	71	40	100	48
	F	33	62	38	54	22	36	38	33	36	46	25	22	10	0	36
(d) Modern Factories	R	0	20	30	0	0	9	12	7	18	14	24	7	22	25	13
	S	100	60	70	87	89	64	76	83	73	64	70	79	67	50	75
	F	0	20	0	13	11	27	12	0	9	22	6	14	11	25	12
(e) Modern Warehouses	R	0	22	30	0	0	9	0	7	20	14	25	14	40	20	14
	S	100	67	70	87	89	64	88	86	70	64	69	79	50	40	74
	F	0	11	0	13	11	27	17	7	10	22	6	7	10	40	12
(f) Industrial Land	R	17	25	30	22	22	18	12	14	46	29	32	36	30	0	25
	S	66	50	40	61	67	55	76	72	36	50	62	64	40	75	59
	F	17	25	30	17	11	27	12	14	18	21	6	0	10	25	16
QUESTION 4																
Activity in Investments Mkts																
	R	17	18	29	5	14	0	17	0	0	9	7	0	0	28	8
	S	83	73	57	57	72	100	66	77	75	64	86	100	86	40	78
	F	0	9	14	38	14	0	17	23	25	27	7	0	14	40	12

Inflation rise will be within 16.5%—Howe

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE RISE in inflation for the 12 months from November 1979 to November this year will be within the 16.5 per cent figure forecast at the time of the Budget, Sir Geoffrey Howe, Chancellor of the Exchequer, told the Commons last night.

This November to November forecast, on which the autumn upratings of pensions and benefits are based, had met with widespread scepticism and many critics of the Government's policies firmly believed that it would never be achieved. But Sir Geoffrey said he saw no reason to depart from the view that the inflation increase would be within 16.5 per cent.

"Leading indicators on the future movement of the Retail Price Index all point to a slow-down in price inflation consistent with the Budget forecast," he declared.

"There are now clear signs that we are beginning to come to terms as a nation with the realities of the economic and industrial situation."

Sir Geoffrey—replying to a Labour motion which claimed that the Government's economic policies had inflicted intolerable damage on the British industry—was in a series of fierce clashes with Mr. James Callaghan, the Opposition leader, over the Government's attitude to the unions.

The row blew up when Sir Geoffrey acknowledged that greater realism was creeping into wage bargaining but criticised some union leaders for failing to acknowledge the need for responsible wage claims.

In a competitive mood, Mr. Callaghan taunted Sir Geoffrey, who had said that the Government's policies would take time to work through. Mr. Callaghan wanted to know just what period of time he had in mind.

There were more Labour jeers when Sir Geoffrey said that it would be within the life-time of this Parliament. Returning to the attack, Mr. Callaghan wanted to know why the Government's own forecasts were that manufacturing output would decline for every year of the present Parliament.

Sir Geoffrey told him that the

Labour Party could help by putting its full weight behind responsible pay bargaining. "Sadly, too many trade union leaders are shying away from that reality," said the Chancellor.

In another angry intervention, Mr. Callaghan pointed out that the Government could hardly expect union co-operation when Sir Keith Joseph, the Industry Secretary, had described the unions as "one of the six poisons of society."

There was more uproar as Sir Keith, sitting beside Sir Geoffrey, appeared to be trying to intervene in reply to the accusation.

But Sir Geoffrey maintained the quotation was out of context and that Sir Keith had said that great damage was done to society by the politicisation of trade unions.

"Politicisation of our trade union movement has indeed done great damage to the cause of our workpeople in this country," said Sir Geoffrey.

The fortunate feature is that notwithstanding that, some union leaders are showing very real sense in the present situation.

"But I regret that that useful attitude is not shared by other



HOWE: "Indicators point to a slowdown in inflation"

trade union leaders. I regret that some still describe reducing wages to save jobs as 'stupid'."

The Chancellor stuck firmly to the Government's monetary policies. If they were relaxed, the upward impact on inflation would be certain and would be followed

by a similar impact on interest rates and employment.

If the country was to achieve the necessary reduction in monetary growth which would bring interest rates down, then the public sector borrowing requirement must be steadily and substantially reduced as a proportion of national income. The House and the country should be in no doubt that the Government would persevere in that.

"There is no question of us losing control of spending and borrowing in the short term," he emphasised.

Central Government expenditure was not running at a level which was out of line with the Budget forecast and cash limits.

There should, however, be no doubt whatsoever that if problems did arise, corrective action would certainly be taken.

He was equally determined to secure effective control of local Government expenditure.

This need for realism would govern his approach to cash limits for the public services and nationalised industries. Cash limits for next year must be significantly lower than last year.

"This does not mean any setting up of norms in the public sector. It is simply a statement of the reality that faces the

Government."

"Comparability cannot be allowed to produce results which are way out of line with what is happening in the economy."

He brushed aside suggestions that the Government should help business by reducing corporation tax and the employers' national insurance surcharge. He questioned whether this would be in the best long term interest of business.

The best service the Government could perform for industry was to keep down the burden of financing the public sector and to pave the way for lower rates of inflation.

"It will be some time before industry sees the full benefits of that policy," said the Chancellor. "But the recent reduction in minimum lending rate provides a firm indication that we are moving in the right direction."

Leading the Labour attack, Mr. Denis Healey, Shadow Chancellor, drew a grim picture of the prospects for business. In the last three months, he said, more than 2,000 companies had gone into voluntary liquidation and more than 800 had been compulsorily wound up.

"If the trend continues—and it may well—we could

have well over 8,000 firms go bankrupt by the end of this year," he predicted.

Mr. Healey emphasised the social unrest that this would cause and thought that it could lead to further riots by black youths like the one in Bristol.

Some industrialists he had spoken to felt that unemployment was likely to reach 2m this Christmas rather than the end of next year as expected by the Government.

All of this, he argued, was a direct result of Government policies. He said Sir Keith Joseph had referred to the process as "a personal gale of creative destruction."

Scornfully, Mr. Healey said this showed that Sir Keith was trying to galvanise the entrepreneur by "strapping him down in an electric chair and throwing the switch."

He accused the Chancellor of trying to engineer the collapse of Britain's ICP computer company by abandoning the Government's longstanding commitment to give it preferential treatment in public sector purchasing. The Government was now throwing open a £150m order for inland revenue computers to a bid by IBM of the U.S.

Callaghan hits out on levels of unemployment

BY IVOR OWEN

LABOUR IS to mount a sustained Parliamentary campaign to ensure that the Government's failure to prevent unemployment soaring to record post war levels is kept in the centre of the political stage at Westminster.

Mr. James Callaghan, the Opposition leader, announced this in the Commons yesterday after he had again failed to prise any indication of a shift in the Government's economic policy from the Prime Minister.

In some of the noisiest Question Time exchanges of the present Parliament, Mr. Callaghan repeatedly interrupted Mrs. Thatcher and accused her of trying to evade responsibility for the growing numbers out of work.

As Mr. Callaghan slapped his thigh with irritation, the Prime Minister reminded him of his own earlier statements, when Labour was in office, that no Government could spend its way out of inflation and that if it tried to do so it would only make unemployment worse.

"I can no more guarantee jobs for everyone than you could," she snapped.

Ignoring Government protests, Mr. Callaghan persistently heckled the Prime Minister and she had difficulty in making herself heard.

"It is rubbish," he stormed. Mr. George Thomas, the Speaker, intervened: "Whatever it is, the Prime Minister is entitled to say it."

Mr. Callaghan argued that it was possible to keep inflation under control and have a diminishing level of unemployment provided the Government followed the correct economic policies.

The Prime Minister retorted that Mr. Callaghan was urging the Government to print more money and spend its way out of inflation.

"We will not do it," Mrs. Thatcher denied that Mr. James Prior, the Employment Secretary, had ever advocated compulsory social work for the unemployed.



Callaghan: accused Mrs. Thatcher of evading responsibility

She told Mr. David Alton (Lib., Liverpool Edge Hill)—who claimed that Mr. Prior had been forced to retract his original statement—"There is never any need to retract a statement which was not made."

Mrs. Thatcher said preliminary discussions about the introduction of a scheme for voluntary work for the unemployed had been held and the objective would be pursued.

The Prime Minister refused to give any new undertaking on the early implementation of the Conservative election pledge that all Welsh language programmes would be broadcast on the fourth television channel.

She was pressed to reconsider the Government's position by Mr. Geraint Howells (Lib., Cardigan), who asked her to save Mr. Gwynfor Evans, President of Plaid Cymru, who had threatened to "starve himself to death" in October unless the Government honoured the commitment.

Mrs. Thatcher said she deeply regretted the threat made by Mr. Evans. "But neither he nor any responsible person could ever expect the Government to respond to that kind of action."

No evidence of police brutality, say MPs

A COMMITTEE of MPs has found no evidence of police brutality against people held in custody. The finding was reported yesterday by the all-party Commons Home Affairs Committee.

The report, however, stresses that this conclusion does not cover individual allegations of police brutality.

The MPs say: "Though we did not attempt to investigate individual allegations, we found no evidence to support generalised accusations of police brutality to those in custody."

The call for chief constables to be obliged to report to the Chief Inspector of Constabulary every death in custody, and for this informa-

tion to be published annually. "We are satisfied that the prescribed procedure for the care of persons in custody can afford adequate protection provided that they are strictly adhered to," said the committee.

"Chief officers of police should arrange for sufficient random checks to be carried out."

Local police chiefs should also ensure the lighting in cells is good enough for proper medical examinations.

The MPs continue: "Police authorities, in co-operation with local voluntary organisations, should investigate the means of providing in their own areas relatively inexpensive care and reception

centres for persons detained in custody suffering from drink, drugs or minor injuries."

The report also calls for: ● The reporting of all deaths in police custody to the coroner.

● The holding of inquests on all deaths in legal custody.

● civilians to be employed as coroners' officers.

● legal aid for interested parties at inquests.

Committee member Mr. George Gardiner (C, Reigate) said at a Westminster press conference to launch the report yesterday that many of the accusations of brutality which led to the inquiry had come from Mr. Michael Meacher (Lab., Oldham

West).

In view of the committee's report, Mr. Gardiner said: "Mr. Meacher does owe a very generous apology to every serving member of Britain's police forces."

Mr. Meacher, however, said: "I am convinced I was right to raise the issue because I think it is a very murky area. What has come to light justifies my campaign and I believe it will reduce the chances of maltreatment of prisoners in future."

"Mr. Gardiner's accusations are absolutely wild and entirely unfounded by the report. He treats it as if it is an exoneration of the police and it is nothing of the kind."

Pipeline project 'might be viable'

THE GOVERNMENT will undertake a detailed examination of a study from Coopers and Lybrand which suggests that a gas pipeline to Northern Ireland might be financially viable, Mr. Giles Shaw, Northern Ireland Under Secretary, told the Commons yesterday.

But he made clear that in the meanwhile the decision announced last year that a gas pipeline project would not be financially viable must stand. Discussions with gas undertakings which had already decided to close must continue, said Mr. Shaw.

Replying to questions in the Commons on the Coopers and Lybrand report, Mr. Shaw accepted that it suggested that the pipeline might be financially viable. "We must assess that case, but the fact remains that the deficit financing in the report came to £130m in relation to this project."

Mr. Shaw said that future policy on electricity in Ulster would now depend on the outcome of a comprehensive review of the Northern Ireland Electricity Service now in progress. In the meantime, the Government had accepted a recommendation from the service that work on the second phase of the Kilroot power station should cease.

ELINOR GOODMAN REPORTS ON LABOUR'S 'DRAFT MANIFESTO'

'Everything Labour activists dreamed of'

AMID THE CONFUSION and in-fighting which surrounds almost any action by Labour's National Executive, the NEC yesterday published an example of the kind of policy statement which could become Labour's next election manifesto if the Left succeeds in getting the rules changed over who writes the manifesto.

According to one member of the Shadow Cabinet, depending on where you stand in the party, it is either an "advertisement or a health warning" for the system which the Left hopes will finally get on the rule book at this autumn's party conference.

Written across the front, he says, from his admittedly jaundiced position as a Labour moderate, ought to be the slogan "vote for a change in the rules and you will get everything you, and Tony Benn, ever dreamed of as a Labour activist—and more."

Slogan

The slogan might appeal to many of the constituency parties and some of the unions which control the block votes at the party conference, but it would strike a chill into the hearts of Mr. Callaghan and his supporters.

For included in the document, which Mr. Anthony Wedgwood Benn would like to see as a proper "draft manifesto," are some of the items which Mr. Callaghan fought hardest to keep out of the last election manifesto.

In it, for example, is the much disputed commitment to abolishing the House of Lords together with specific references to extending public ownership in various areas—like banking, insurance and micro electronics—which would be far more difficult for a Labour Government to ignore than the vague talk about the need to increase public ownership which appeared in the last manifesto.



Nilisk
—the world's largest manufacturer of industrial Section Cleaners—
Bury St. Edmunds, Suffolk CB24 6JH

Equally, there are specific references to how this would be done. The document states firmly that: "We shall give a Labour Government the power to take individual companies into public ownership by statutory instrument." This is just one of a number of ways proposed for rolling back the frontiers of capitalism.

The great majority of the proposals have, at some stage or other, been passed by conference as individual resolutions. Those that have been approved by the necessary two-thirds majority have then gone into the party programme from which—under the existing rules for drafting the manifesto—they were selectively drawn for inclusion.

Many of the proposals are familiar goals of the Left. On the economy, for example, the aim is full employment—with a promise that within the lifetime of the Parliament a scheme would be introduced to stop anyone being unemployed for more than 12 months without receiving either an offer of a job or retraining.

Labour's first step, it says, will be to rebalance the economy. This strategy of expansion, it claims, will help attack inflation.

The draft manifesto also revives the idea of price controls together with the equally familiar concept of planning agreements—this time legally backed. It also insists that assets sold off by the Conservative Government would be re-nationalised without compensation.

Wealth tax

Included in the 39 page document are other ideas equally popular with Labour activists, like the abolition of public schools, abortion by demand, the introduction of a wealth tax, banning fox hunting and opposing the production of a new generation of nuclear weapons. On the Common Market, it nudges the party a little further along the road to withdrawal.

In many instances, the commitments are—in the language of manifestos—hedged about with words like "progressive" and "work towards." But even so, as it stands at the moment, the document would be anathema to many moderates in the Labour party.

The moderates have had to live with conference resolutions like this for years. But they have done so in the fairly certain knowledge that when it came to the crunch there was little chance of them going wholesale into the manifesto.

Now, they are not so certain, and it is this uncertainty which explains the row about whether the document should be launched with an official blowing of party trumpets at a full scale press conference yesterday, or whether it should be merely published and left to find its own level. (In the event, the latter course was chosen).

Last year's party conference voted in favour of the idea of

changing the rules for drawing up the manifesto. They narrowly approved a resolution which would give the national executive the final say in drawing it up and mean that the document no longer had to be agreed at the last moment by a joint "clause V" meeting of the executive and parliamentary leadership.

If such a system was adopted, it would strip the Shadow Cabinet of its effective right of veto on the manifesto's contents and greatly increase the influence of the party conference on the contents.

The idea, promulgated with such enthusiasm by Mr. Anthony Wedgwood Benn and Mr. Eric Heffer, is that a document, very similar to the one produced yesterday, would be published each year. It would then be discussed at regional Labour party and union conferences.

The Parliamentary Labour Party would also be able to discuss it—which Mr. Benn claims would be giving Labour MPs an opportunity to influence its contents which they singularly lack at the moment.

Influence

The process of consultation would reach a climax each year at the annual party conference when delegates would be able to amend its line, thus, in Mr. Benn's view, turning conference into a "semi-legislative" body. The final result would be a "rolling draft manifesto," which could be taken off the shelf—and probably only slightly amended—before an election.

All this at the moment, though, is only a proposal. For though last year's conference voted in favour of the principle of changing the rules, this cannot come into effect until this year's conference has approved the necessary constitutional amendment.

Mr. Callaghan and his supporters claim to be confident that they will be able to defeat the constitutional amendment together with the other two issues being pushed by the Left at this year's conference.

What they certainly do not want to happen is that the document published yesterday should be elevated to the status of a fully-fledged draft manifesto before the rules have been changed.

In fact, the document had the word "draft" printed across it in large letters. But underneath was a carefully phrased escape clause—agreed after protests from the Shadow Cabinet—which made it clear that it was only the NEC's draft, and that it would not have any status if the rules stayed the same.

In the same way, Mr. Callaghan's supporters will certainly block any move by the executive to try to put the document to conference, as that again would give it a status they would hate it to have. Yesterday, the moderates

were trying to downgrade the whole exercise and were treating the whole episode with cultivated disdain.

Their aim as not to do anything which might elevate it to the realms of a serious draft manifesto. Dr. David Owen, for example, said on the radio he was treating it with a "certain degree of amusement."

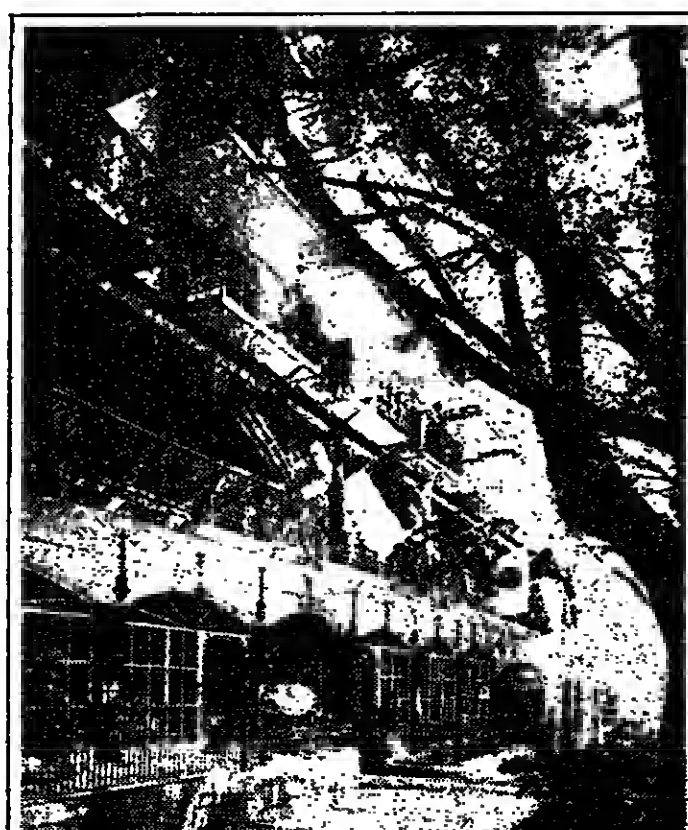
His amusement, however, had a somewhat hollow ring about it, for the issue of who controls

the manifesto is central to the battle in the Labour Party between the Left and Right.

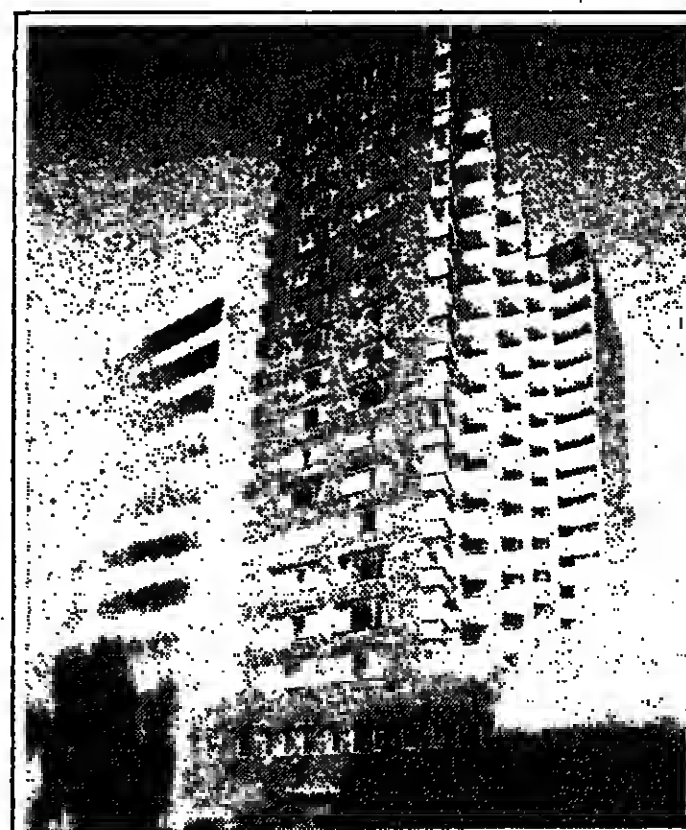
There are those in the moderate camp who believe that it is even more important than the argument about who elects the leader.

For behind all the personality disagreements in the party are much more profound disagreements about policy. And policy is what the manifesto is all about.

A unique offer from Australia... 2 major hotels in Melbourne For Sale by tender



The Old Melbourne. This near new complex is undoubtedly one of the best hotel investment opportunities ever offered from Australia. Built in 1971, the Old Melbourne is of world standard and perfectly placed on the edge of the city's "Golden Mile", on a wide elegant boulevard which leads directly to Melbourne's international and domestic air terminals. The focal point of the hotel is a quiet garden court overlooked by many of the 233 luxuriously appointed rooms, suites and function rooms. World class restaurants and bars are well patronised by both hotel guests and casual visitors. The opportunity to purchase will arouse world-wide investment interest. The offer is made at a time of substantial and documented growth in tourism in Melbourne and a shortage of first-class hotel accommodation.



The Chateau. The Chateau Hotel situated in the Melbourne equivalent of London's West End, offers the widest range of luxury hotel accommodation. 160 rooms, serviced apartments, excellent restaurants and well patronised bar, liquor and wine sales are among its facilities. The purchaser has the option of tendering for the hotel only or the hotel together with its residential apartments. The truly cosmopolitan location is an ideal situation for this major hotel. Theatres, restaurants, Chinatown are all within easy walking distance. We believe the 'Chateau' Hotel offers an opportunity rarely available particularly with the excellent demand for city hotel accommodation. Information about tender conditions together with full colour brochures on this once in a lifetime offer can be obtained from the sole agents.

JONES LANG WOOTTON

500 Collins Street, Melbourne 3000. Telephone: (03) 627 621, Telex: 32276

23 King Street, London EC2V 8EE, Tel: (01) 406 4980, Telex: 895557 • 100 Mount Street, London W1T 5AS, Tel: (01) 483 6042, Telex: 220546 • Also: Brighton, Birmingham, Glasgow, Edinburgh, Jersey, Dublin, Sydney, North Sydney, Portmarnock, Cork, Dublin • Brisbane • Gold Coast • Adelaide • Perth • Christchurch • Auckland • New York • Los Angeles • Houston • Frankfurt • Hamburg • Amsterdam • Rotterdam • Zurich • Geneva • Paris • Hong Kong • Singapore • Kuala Lumpur

JLN744/145-2

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMPONENTS

UK liquid crystal venture

AN all-British manufacturing venture for the production of liquid crystal displays of about 1-inch character height and above has been started by Saunders-Roe Developments of Hayes, Middlesex, part of the Westland Aircraft Company.

An investment of £0.5m has been made in new plant at Hayes and the company will be aiming its products, expected to sell in the £3 to £5 region in bulk, at the instrumentation and data equipment industries, for portable equipment in particular. There is no intention at the moment to tackle either the wrist watch or the motor car markets.

Apart from employing the best available techniques and equipment, the company has perfected methods for photo-masking a dozen or so components on one sheet of glass which is cut into strips of four units after all the photo-chemistry has taken place. Sealing and liquid crystal filling follows and only near the end of the process are the strips cut into individual components.

This batching technique, a considerable technical achievement about which the company is revealing little detail, is expected to provide a useful cost advantage. Other manufacturers in this size region cut the glass early on and deal with individual components during manufacture. The company expects runs in the 1000 to 2000 region to be very cost effective.

A further notable UK achievement has been in the development of a cyano-biphenyl liquid crystal material that is not degraded by the diffusion of atmosphere, albeit in minute quantities, through the device seals. This has been a recurring problem in the past and the new material allows the seals to be made from plastics, a more satisfactory manufacturing proposition than glass frit.

This development, made jointly by the Royal Signals and Radar Establishment, Hull University and BDH Chemicals (the latter company is the manufacturer), is one of the factors that enables Saunders-Roe Developments to speak confidently of a lifetime of over 50,000 hours.

Although the company has no firm customers yet, many OEM assessments are in progress and it is believed that the LCD will become the dominant display device within two or three years. Instrumentation may be only the tip of the iceberg claims director D. G. Guthrie, who believes that a much larger market will arise in future domestic telecommunications terminals, portable data processors, gas meters and petrol pumps.

In any event, the company, which has named the new LCD division Liquid Displays, is in a position to turn out up to 0.5m devices a year. At the moment, its only competitor in the UK is the IIT plant at Leeds.

GEORGE CHARLISH

SALES AIDS

Mirrors the messages

MIRRORS have long been used to carry permanent advertising messages. Now there are mirrors on which the message can be changed at will in a few seconds.

Mirrad Marketing is offering these mirrors as money savers because, it claims, they cut the costs associated with conventional display materials such as showcards.

Messages printed on transparent acetate sheets are placed between the glass front of the mirror and the reflector to produce an eye-catching display. It would appear to be a very useful medium for showing changes of prices, rates of interest and so on, especially if those changes were frequent. The company says fine-definition 1100 half-tone illustrations can be used which would be very useful for advertising certain types of product.

Mirrad Marketing is at 123 Gloucester Place, London W1H 3PJ. 01-935 0972.

BOATS

Craft from the U.S.

THE United Kingdom franchise for the Barretta range of GRP (glass-fibre reinforced plastics) power boats and ski boats has been acquired by the Tyndal Group, 2 Fitzroy Close, Highgate, London N6 6JT (01-348 4257).

The boats are made by McPart Products, of Conway, Arkansas, and the first type to be available in Britain will be the 18 ft MH183, supplied with a Mercury inboard outdrive engine and a two-axle trailer.

MATERIALS

Small parts coated efficiently

UNIFORM FILM thicknesses, the capability of withstanding operating conditions up to 600 degrees and the capacity to coat small but critical areas in aero, industrial and marine engines, are just some of the advantages offered with the use of an electropaint jointly developed by International Paint and Rolls-Royce.

Other electropaints are limited to about 200 degrees C, say the companies, and this previous temperature restriction combined with the fact that other application methods were unable to produce uniformity of film depth, meant that certain surfaces of a machine were unable to be properly coated.

These surfaces can now receive protection from corrosion and, although less than a pint of this special electropaint—worth about £7—goes into a seven-tonne RB 211, significant savings have been achieved in maintenance costs.

Areas mainly covered by the

electropaint (and previously, uncoated) are the serrated air-tree teeth on the rims of hot-end turbine discs which must take a centrifugal load equivalent to the weight of three double-decker buses.

It is virtually impossible with conventional paint systems to maintain a maximum uniform film thickness on the teeth of half a thousandth of an inch because of the latter's awkward shape. Should two teeth have coatings which are fractionally thicker than coatings on the others, they might have to take the full triple double-decker load by themselves which could lead to premature failure.

Electropaint automatically gives a perfectly controlled thickness, say the companies, but could not be applied in the past because the organic material would burn away at these high temperatures—a problem facing other makers of engines.

It took the combined efforts of both companies five years to develop this high-temperature, aluminium-rich electropaint, called PL189 or Intermet 75, says International Paint, Henrietta House, 9 Henrietta Place, London W1 (01-580 6677).

Some airlines and industrial companies which have their own facilities for overhauling engines are being assisted by Rolls-Royce with installation of this new process and they will be able to paint uncoated areas themselves during maintenance, if necessary, says International Paint.

Both companies have also received a joint patent for another high temperature system (a spray-on material for tackling corrosion problems and a further joint development is a blade coating with much improved erosion resistance which, it is promised, should prolong the life of compressor blades by up to 700 per cent.

INSTRUMENTS

Makes maps or graphics

SUITABLE FOR applications ranging from map making to computer graphics are a pair of Houston Instruments incremental drum plotters now available in the UK from Sintrom Electronics, Arkwright Road, Reading, Berks RG2 0LS (0734 85464).

The machines are identical apart from their plotting widths—22 inches for the DP-14 and 34 inches for the DP-15. In each case the maximum plotting length is 150 feet.

Connection to the host computer is via a standard RS232C port and the microprocessor-based interface substantially reduces the software burden on the mainframe by providing both character and vector generation. Four liquid ink pens are active over the whole plotting width, under program control.

Inch or metric step sizes are offered (0.002 inches or 0.005 mm), to be specified at the time of ordering.

BROADCASTING

Viewdata in the home

BRITISH made adaptors to convert ordinary domestic TV sets into receiver units for the Post Office Prestel viewdata service are to be offered to the retail trade in the autumn, by Ayre Viewdata, 77a Victoria Road, Surbiton, Surrey, KT6 4NA (01-899 6521). They will sell to the trade at about £100, and the company reckons that retailers and rental firms will hire them out to the public for as little as £1 a week.

The adaptors each measure 12 x 7 x 3 inches and can be placed on top of a TV set or wall-mounted to connect it to the P.O. telephone line for call-up and reception of the Prestel information.

The unit will be supplied with a hand-held keypad for remote control operation.

SHOPFITTING?

consult Store Design International at claimed artists in space utilisation. Free Retail Advisory Service. • Marking • Creative Design • Colour • Open Plan • Lighting • Visual Display.

SECURITY

Impossible to tamper with it

IDENTITY card reading access control unit entitled TIS (Top Level Security) uses the Weigand effect, the pulse-generating property which can be imparted to ferro-magnetic wires.

Identity cards used with the unit contain ferro-magnetic alloy wire 0.25 millimetres in diameter which has been twisted, stretched and thermally tempered to stabilise its magnetic properties. The wire, arranged in pre-determined patterns for coding, is sandwiched between the plastic layers of the laminated card.

It is this wire which, when the card is passed through a magnetic field reader unit determines the switching of magnetic states, interpreted by a coil in the reader as pulsed signals.

The speed at which the card is passed through the reader is unimportant—so no queues about development and no actual contact with either of the reader's surfaces need be made.

Cards cannot be altered or erased without destroying them in the process since tampering with the wire obviously entails dismantling the plastic. This gives the system an advantage over magnetic strip methods.

The tiny diameter of the wire and the intricacy of the patterns also make cards virtually impossible to counterfeit. Magnetic cards can be duplicated quite easily by an electronics engineer.

Planting, Shakespeare Industrial Estate, Watford WD2 5ED.

Runs the bearings faster

BEARING LIFE in applications combining high speed and load conditions can be extended considerably, SKF says, with a new design of plunger block.

Designated SOFN, it was designed by SKF for use with spherical roller bearings in applications such as mine ventilators, exhaust and fresh air fans, power supply generator flywheels, and similar heavy-duty equipment.

To cope with high operating speeds and temperatures these

applications require oil lubrication, together with top reliability even when maintenance is infrequent.

The SOFN block has a pick-up ring to facilitate oil circulation. The ring hangs loosely on a sleeve on the shaft at one side of the bearing and dips into the oil in the lower half of the housing. As the shaft turns, oil is transported through the bearing and back to the reservoir. Oil in the reservoir is cooled, depending on the ambient tem-

perature, before recirculation.

An oil level indicator is supplied and the level of oil in the trough guarantees an optimum supply to the bearing.

The efficiency of this form of lubrication enables spherical roller bearings with a cylindrical bore to operate at speeds higher than normally recommended by SKF.

More from Sundon Park Road, Luton, Beds, LU3 3BL 0582 55977.

Tapes solve problems

AIDS TO productivity in the valve engineering industry and in printing have been announced by J.M.

company's Converter Products Group reports that it can tailor self-adhesive Scotch tape discs to fit any valve port diameter to provide a simple means of masking off the port during spraying and preventing dirt and dust ingress during transportation.

A laminated construction of greater strength can be provided for use on large diameter units. There are many other applications of this kind and the company will supply pre-cut shapes on a quick-release liner for quick, simple application.

Also available, from Indus-

trial Specialties, are 10 double-sided platemounting tapes with thicknesses from 0.004 to 0.023 inch—one of which, called Cushionmount, will compress by about 13 per cent to compensate for irregularities in the roller. Firm or soft cured natural rubber adhesives are used to give good ageing properties, consistent high shear performance and durable bonding power. The tapes will withstand constant temperatures of 65deg.C, with intermittent excursions greater than this. Resistance to printing solvents is good.

More from 3M United Kingdom, PO Box 1, Bracknell, Berks (0344 26726).

MACHINE TOOLS

A lathe for learners

THE BENEFITS of computerised numerically controlled (CNC) machine tools have been increasingly recognised by engineering companies of all sizes as an aid to higher productivity at lower unit costs.

This is illustrated by the emphasis now being put on the use of CNC systems in technical training schools. But CNC training can be both expensive and time-consuming, and to solve this problem a CNC training lathe, the Micromaster, has been developed by Denford Machine Tools.

At a price of well under £20,000, the Micromaster enables a technical school to install a training programme with a simple learn-as-you-go control facility. With the Motorola microchip computer disengaged the machine can be run as a conventional centre lathe and used for comparing manual with CNC control performances.

When the computer is engaged, a visual display unit shows in sequence requests for information to operate the lathe movements correctly. As each piece of control information is entered on the panel by the trainee, the correct machining cycle is built up progressively. But to obviate mistakes the Micromaster will not allow the operator to proceed unless the information is entered in correct sequence. The VDU also makes periodic checks of good practice and safety.

A machining programme, when stored in the Micromaster's memory, can be recorded in a magnetic tape cassette for future use. An "edit" facility allows any piece of information anywhere on a programme to be overridden temporarily and replaced with alternative data.

Details from Denford Machine Tools, Birds Road, Brighouse, West Yorkshire (0484 712264).

DATA PROCESSING

Talks to far-away users

LICENSED software to enable users to interface with the British Post Office's Packet Switching System (PSS) and other networks operating to X25 standards, is being offered by IIT Business Systems. The software package connects local networks through the IIT 3800 series of programmable communications controllers (PCGs).

PSS, shortly to be introduced in the UK by the British Post Office, can be accessed by users to connect their computer systems and terminals—initially asynchronously—to terminals accessing PSS, will communicate to different computer systems throughout the world.

Phase One of the new software will be available for distribution in the first quarter of 1981. User benefits will include ability for asynchronous terminals to access, via a public data network, and an IIT 3800 communications controller.

application programs running under teleprocessing access methods in a host processor. Phase One software has already undergone successful production tests in France, using the Tropicane network.

Flexibility offered by the new software, which operates with IIT emulation processing (EP), allows it to "co-reside" with the advanced control function/network control program communications networking system, 3270 multiple access facility (MAF) and the data switching system (DSS) software packages.

Launch of this software product is intended to reinforce IIT's position as a major IBM-compatible data systems supplier.

Further from IIT at Lion Buildings, Crowhurst Road, Hollingbury, Brighton, BN1 8AN. 0273 507111.

Does your computer get the same treatment as your copy of the FT.



applications. Envision the value to your R & D or Design department of instant access to a computer.

Once your computer and technical staff know the details of the Cromemco micro computer range, its flexibility, speed, ease of use and compatibility with existing systems, they can advise on how computer efficiency can be spread throughout the company.

Don't keep this to yourself. Ask us to send them full technical information.

Cromemco

comart specialists in microcomputers

Comart Ltd., P.O. Box 2, St Neots, Huntingdon, Cambs, PE19 4NY Tel: (0480) 215005 Telex: 32514

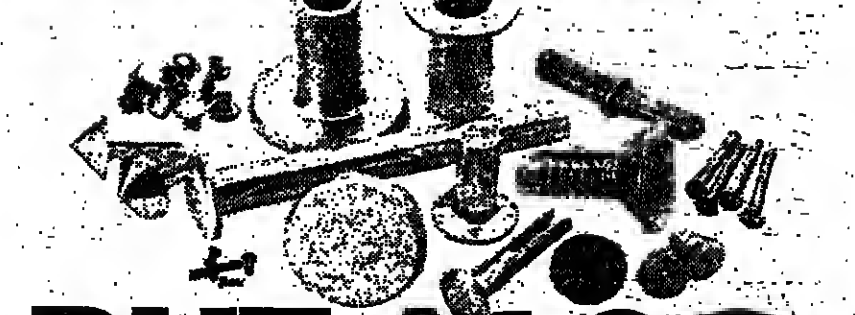
Consultancy Services in Communications

ABC

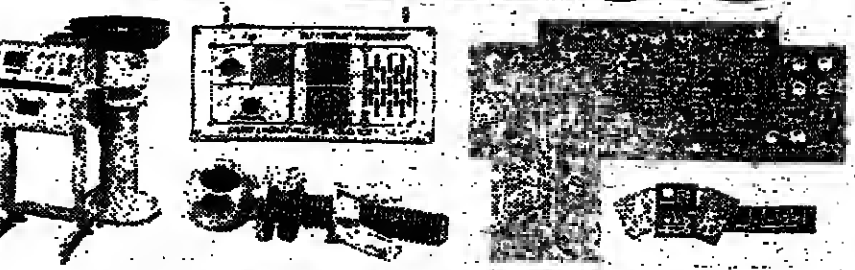
Advanced Business Communications

44a, Elmsdale Rd., London, E17 6PW Telephone (01)-521-5111

NOT ONLY



BUT ALSO



You probably know us as rivet makers to the world—but there's more to Bifurcated Engineering than that. Much more... For instance, Bifurcated Engineering are at the forefront of automation: designing, developing and installing cost-effective wiring/count systems; cabling, capping and sealing machines; feeding, orienting and assembling equipment.

We are a major exporter with overseas subsidiary companies and our agents and distributors cover the globe... We're not only diverse, but also successful.

B-E

Bifurcated Engineering Ltd

Bifurcated Engineering Limited, PO Box 2, Mandeville Road, Aylesbury, Buckinghamshire, Telephone 0295 5911

مکان العمل

Japanese reliability. European flair. That's Honda.

Reliable. But bland. That's the kind of comment one usually hears about Japanese cars.

European cars on the other hand are considered to have style, road handling and performance—but they rarely figure high in the 'reliability' tables.

So cars that provide the best of both worlds have to be good news, right?

As this is an advertisement for Honda, there are no prizes for guessing which cars we're talking about.

But don't take our word for it—just read what the motoring correspondents have long been saying.

For example, in April '78, Motor said about our Civic "...it is well and thoughtfully fitted out and, from our experience with a long term test car, reliable. The success of the Civic owes much to the fact that it is the most 'European' of Japanese cars..."

In April '79, Drive commented on our Accord "...most (Japanese cars) have

been a bit boring—unadventurous and outdated mechanically, with indifferent accommodation and little driver appeal. Then came the Accord...with a specification as up-to-date as (European cars)..."

And in February of this year, Motor said that our Prelude "...has established conclusively that Japanese manufacturers can now compete with the Europeans on equal terms... Which is a lot more than can be said for the latest incarnation of (another Japanese car)."

These are just three of the many, many reviews in a similar vein.

It's worth thinking about next time you put your own money into a car.

If you want both reliability and flair, make it Honda.



HONDA
The best of both worlds.

FOR THE NAME AND ADDRESS OF YOUR NEAREST HONDA DEALER AND A FREE BROCHURE, PLEASE RING TELEDATA ON 01-2000200.

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC is ready for U.S. growth

THE DECISION by MEPC to raise \$30m via a convertible eurobond represents another important milestone in the company's U.S. expansion programme and is likely to be quickly followed by some fresh investment activity.

Proceeds from the issue—the first of its type for a British company since the ending of exchange controls—will be primarily for expansion rather than for repayment of dollar debts and Paul Speicher, MEPC's new American president, is now searching for attractive deals.

MEPC intends to grow in the U.S. in much the same way as it has done since it first dipped its toe in the U.S. market in 1974, by acquisition of income-producing investments. At the same time, however, it will be looking for propositions which offer the chance of new development in close proximity.

Christopher Benson, MEPC's managing director, says that the company intends to take advantage of current "nervousness" in the U.S. real estate market. "We are not expecting any gains but we feel the time is right to pick up some good quality properties on attractive terms."

MEPC has to date put about \$30m of its own funds into the

U.S. and its American property assets, now standing at around \$100m, have made an important contribution to the group's overall asset growth. The company owns all the equity in its U.S. operations.

MEPC's first move into the U.S. entailed the purchase of two warehouses in Chicago and in 1975 it followed up the deal with the purchase of an office park in Minneapolis. The company has subsequently developed vacant land on the so-called Parkdale complex and one month ago completed the entire scheme with the opening of its 200,000 sq ft Plaza centre.

Among its U.S. portfolio is the Foshay Tower in Minneapolis, now being refurbished, a shopping mall in Rochester, Minnesota and a half-share in another shopping complex in Las Vegas with partners North American Property Unit Trust.

In 1979, MEPC bought a fully let, 220,000 sq ft office block in Houston, its first move into the "Sun Belt," bringing its total U.S. office space close to 1m sq ft.

The southern states are likely to be fairly high on Mr. Speicher's shopping list now that the company has a fairly firm base in the mid-west and it looks as though MEPC will have found its feet, square its wish to acquire an income stream with a more confident approach to new development schemes.

Critics are 'ignorant'—Mobbs

MISUNDERSTOOD, much-maligned and shrouded in myths—that is the unhappy lot of the property developer and his industry, according to Mr. Nigel Mobbs, chairman of Slough Estates and president of the British Property Federation. With the property world smarting just a little over growing (but, by previous standards, minimal) criticism of its activities, Mr. Mobbs has this week chosen—perhaps in an attempt to stifle many of those old myths before they take on added credence—to state his case for the defence.

Mr. Mobbs says that property development and investment is frequently the target of ill-informed comment and criticism which is often politically motivated. The business is, largely as a result of ignorance and emotion, misunderstood and invariably regarded by the public as being anti-social. According to Mr. Mobbs: "The notion that an investment return has to be made from the use, development and improvement of resources is confused with the spectre of speculation. Consequently, investors and developers must show the real contribution they are making to national economic and local community prosperity."

The BPF president goes on to say that the image of the property developer as a wealthy tycoon, solely concerned with maximising short-term profits is one of the leading misconceptions. Property development and investment, he stresses, is an economic activity that improves national resources.

IN BRIEF

BERNARD SUNLEY, in conjunction with Domford, has started a new 90,000 sq ft office scheme on the south bank of the Thames, next door to the Vauxhall Cross site where European Ferries has proposed its controversial 300,000 sq ft "Green Giant" office development. The cost of the Bernard Sunley scheme—to be project-managed by Land Use Investments and Eagle Star Properties—is expected to be around £10m. Letting agents are Pepper Angliss and Yarwood.

Commercial Union Properties' 52,000 sq ft office scheme at Station Road, Swindon has been let to National Employers Mutual

financial interests of millions of investors are involved. "An attack upon property interests will, therefore, affect the financial security of a very large proportion of the country," he adds.

But Mr. Mobbs does emphasise that in the coming decade the industry is better placed to project the sector with authority than in the past decade when property investment was attacked and not competent to defend itself.

If events in the next year or two remain as stable as most of the industry is predicting, however, there should be little need for any defensive tactics and Mr. Mobbs will be able to keep most of his powder dry.

Kings Road Tax allowance plan proves popular

A TENANT has finally been found for one of the oldest blackspots in Chelsea's King's Road, the mecca of the "swinging 1960s" where retailers are now launching a campaign to revive a somewhat dented image.

A 17,000 sq ft unit on the corner of Sydney Street and Kings Road has, after being boarded up for four years, been let to The Reject Shop on terms close to the asking rent of £115,000 a year. The store should be open in September when a refitting programme is completed.

The so-called "Gallery" development was originally occupied by small market-style traders but they were forced to leave when the proprietor company failed. The unnamed institutional clients of Healey and Baker and Jones Lang Wootton wanted one tenant only for the space and it has taken this long to find one.

On two previous occasions, the corner site—close to Habitat and across the road from the Antiquarius antique market—has been under offer.

Further along the Kings Road towards Sloane Square another hole is currently being filled by the Pheasanty office-retail scheme, due for completion next Spring. There will be a restaurant, 22,500 sq ft of office space and five shop units.

Agents Healey and Baker say the scheme is attracting a lot of interest, despite the bleak outlook facing the retail trade.

A SMALL but growing number of professional individuals are showing increasing interest in purchasing small factory nursery units in take advantage of the tax shelter these premises will provide following the March budget. Sums involved could run into millions of pounds.

Tony Grant, consultant partner with agents Grant and Partners says that since the Budget there has been a marked increase in the number of enquiries from both private individuals and companies seeking to take advantage of the new tax relief rules.

Under clause 68 of the Finance Bill, now at committee stage, owners of small industrial units—with a working space of no more than 2,500 sq ft—will qualify for 100 per cent capital tax allowance against construction costs.

The implication of the new move—designed to encourage building of industrial units for small businesses—has not been lost on top-rate private taxpayers who, as a result of another Budget measure, will no longer be eligible for 100 per cent capital allowances on leasing operations.

Mr. Grant says: "We have had around 40 to 50 enquiries, mostly from private individuals but also from banks, insurance companies, finance houses and some companies. Sums involved range from £50,000 up to several million pounds."

A similar picture has emerged at King and Co., where the agents say they have received more than twice as many enquiries as they would normally expect from private individuals such as stockbrokers, solicitors and accountants. "A total of around £10m could be involved if all these enquiries come through to fruition," said a spokesman.

According to Tony Grant, several deals are in the pipeline pending clarification of "anomalies" in the legislation, as it is presently worded. The agents have written to Mr. Tom King, local government minister, in a bid to clear up these points.

One issue raised by the agents—the question of whether small units making up part of a larger building would be eligible for 100 per cent capital allowances—has already been resolved. An amendment to the Finance Bill, included at the committee stage, allows full relief for these units, provided they are "permanently separated from the remainder of the building" and are "intended for occupation separately."

Grant and Partners is also concerned that capital allowance should be made on the full cost of development including the purchase price of land. Presently, the initial revenue is ruling that allowance should be made only on the construction costs.

Andrew Taylor

25 GREEN STREET LONDON W.1

NEWLY DECORATED SELF-CONTAINED

OFFICES 5,713 SQ. FT.

TELEPHONES INSTALLED

Jones Lang

MELLERSH & HARDING

Chartered Surveyors

105, 107, 109, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, 443, 445, 447, 449, 451, 453, 455, 457, 459, 461, 463, 465, 467, 469, 471, 473, 475, 477, 479, 481, 483, 485, 487, 489, 491, 493, 495, 497, 499, 501, 503, 505, 507, 509, 511, 513, 515, 517, 519, 521, 523, 525, 527, 529, 531, 533, 535, 537, 539, 541, 543, 545, 547, 549, 551, 553, 555, 557, 559, 561, 563, 565, 567, 569, 571, 573, 575, 577, 579, 581, 583, 585, 587, 589, 591, 593, 595, 597, 599, 601, 603, 605, 607, 609, 611, 613, 615, 617, 619, 621, 623, 625, 627, 629, 631, 633, 635, 637, 639, 641, 643, 645, 647, 649, 651, 653, 655, 657, 659, 661, 663, 665, 667, 669, 671, 673, 675, 677, 679, 681, 683, 685, 687, 689, 691, 693, 695, 697, 699, 701, 703, 705, 707, 709, 711, 713, 715, 717, 719, 721, 723, 725, 727, 729, 731, 733, 735, 737, 739, 741, 743, 745, 747, 749, 751, 753, 755, 757, 759, 761, 763, 765, 767, 769, 771, 773, 775, 777, 779, 781, 783, 785, 787, 789, 791, 793, 795, 797, 799, 801, 803, 805, 807, 809, 811, 813, 815, 817, 819, 821, 823, 825, 827, 829, 831, 833, 835, 837, 839, 841, 843, 845, 847, 849, 851, 853, 855, 857, 859, 861, 863, 865, 867, 869, 871, 873, 875, 877, 879, 881, 883, 885, 887, 889, 891, 893, 895, 897, 899, 901, 903, 905, 907, 909, 911, 913, 915, 917, 919, 921, 923, 925, 927, 929, 931, 933, 935, 937, 939, 941, 943, 945, 947, 949, 951, 953, 955, 957, 959, 961, 963, 965, 967, 969, 971, 973, 975, 977, 979, 981, 983, 985, 987, 989, 991, 993, 995, 997, 999, 1001, 1003, 1005, 1007, 1009, 1011, 1013, 1015, 1017, 1019, 1021, 1023, 1025, 1027, 1029, 1031, 1033, 1035, 1037, 1039, 1041, 1043, 1045, 1047, 1049, 1051, 1053, 1055, 1057, 1059, 1061, 1063, 1065, 1067, 1069, 1071, 1073, 1075, 1077, 1079, 1081, 1083, 1085, 1087, 1089, 1091, 1093, 1095, 1097, 1099, 1101, 1103, 1105, 1107, 1109, 1111, 1113, 1115, 1117, 1119, 1121, 1123, 1125, 1127, 1129, 1131, 1133, 1135, 1137, 1139, 1141, 1143, 1145, 1147, 1149, 1151, 1153, 1155, 1157, 1159, 1161, 1163, 1165, 1167, 1169, 1171, 1173, 1175, 1177, 1179, 1181, 1183, 1185, 1187, 1189, 1191, 1193, 1195, 1197, 1199, 1201, 1203, 1205, 1207, 1209, 1211, 1213, 1215, 1217, 1219, 1221, 1223, 1225, 1227, 1229, 1231, 1233, 1235, 1237, 1239, 1241, 1243, 1245, 1247, 1249, 1251, 1253, 1255, 1257, 1259, 1261, 1263, 1265, 1267, 1269, 1271, 1273, 1275, 1277, 1279, 1281, 1283, 1285, 1287, 1289, 1291, 1293, 1295, 1297, 1299, 1301, 1303, 1305, 1307, 1309, 1311, 1313, 1315, 1317, 1319, 1321, 1323, 1325, 1327, 1329, 1331, 1333, 1335, 1337, 1339, 1341, 1343, 1345, 1347, 1349, 1351, 1353, 1355, 1357, 1359, 1361, 1363, 1365, 1367, 1369, 1371, 1373, 1375, 1377, 1379, 1381, 1383, 1385, 1387, 1389, 1391, 1393, 1395, 1397, 1399, 1401, 1403, 1405, 1407, 1409, 1411, 1413, 1415, 1417, 1419, 1421, 1423, 1425, 1427, 1429, 1431, 1433, 1435, 1437, 1439, 1441, 1443, 1445, 1447, 1449, 1451, 1453, 1455, 1457, 1459, 1461, 1463, 1465, 1467, 1469, 1471, 1473, 1475, 1477, 1479, 1481, 1483, 1485, 1487, 1489, 1491, 1493, 1495, 1497, 1499, 1501, 1503, 1505, 1507, 1509, 1511, 1513, 1515, 1517, 1519, 1521, 1523, 1525, 1527, 1529, 1531, 1533, 1535, 1537, 1539, 1541, 1543, 1545, 1547, 1549, 1551, 1553, 1555, 1557, 1559, 1561, 1563, 1565, 1567, 1569, 1571, 1573, 1575, 1577, 1579, 1581, 1583, 1585, 1587, 1589, 1591, 1593, 1595, 1597, 1599, 1601, 1603, 1605, 1607, 1609, 1611, 1613, 1615, 1617, 1619, 1621, 1623, 1625, 1627, 1629, 1631, 1633, 1635, 1637, 1639, 1641, 1643, 1645, 1647, 1649, 1651, 1653, 1655, 1657, 1659, 1661, 1663, 1665, 1667, 1669, 1671, 1673, 1675, 1677, 1679, 1681, 1683, 1685, 1687, 1689, 1691, 1693, 1695, 1697, 1699, 1701, 1703, 1705, 1707, 1709, 1711, 1713, 1715, 1717, 1719, 1721, 1723, 1725, 1727, 1729, 1731, 1733, 1735, 1737, 1739, 1741, 1743, 1745, 1747, 1749, 1751, 1753, 1755, 1757, 1759, 1761, 1763, 1765, 1767, 1769, 1771, 1773, 1775, 1777, 1779, 1781, 1783, 1785, 1787, 1789, 1791, 1793, 1795, 1797, 1799, 1801, 1803, 1805, 1807, 1809, 1811, 1813, 1815, 1817, 1819, 1821, 1823, 1825, 1827, 1829, 1831, 1833, 1835, 1837, 1839, 1841, 1843, 1845, 1847, 1849, 1851, 1853, 1855, 1857, 1859, 1861, 1863, 1865, 1867, 1869, 1871, 1873, 1875, 1877, 1879, 1881, 1883, 1885, 1887, 1889, 1891, 1893, 1895, 1897, 1899, 1901, 1903, 1905, 1907, 1909, 1911, 1913, 1915, 1917, 1919, 1921, 1923, 1925, 1927, 1929, 1931, 1933, 1935, 1937, 1939, 1941, 1943, 1945, 1947, 1949, 1951, 1953, 1955, 1957, 1959, 1961, 1963, 1965, 1967, 1969, 1971, 1973, 1975, 1977, 1979, 1981, 1983, 1985, 1987, 1989, 1991, 1993, 1995, 1997, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2015, 2017, 2019, 2021, 2023, 2025, 2027, 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2043, 2045, 2047, 2049, 2051, 2053, 2055, 2057, 2059, 2061, 2063, 2065, 2067, 2069, 2071, 2073, 2075, 2077, 2079, 2081, 2083, 2085, 2087, 2089, 2091, 2093, 2095, 2097, 2099, 2101, 2103, 2105, 2107, 2109, 2111, 2113, 2115, 2117, 2119, 2121, 2123, 2125, 2127, 2129, 2131, 2133, 2135, 2137, 2139, 2141, 2143, 2145, 2147, 2149, 2151, 2153, 2155, 2157, 2159, 2161, 2163, 2165, 2167, 2169, 2171, 2173, 2175, 2177, 2179, 2181, 2183, 2185, 2187, 2189, 2191, 2193, 2195, 2197, 2199, 2201, 2203, 2205, 2207, 2209, 2211, 2213, 2215, 2217, 2219, 2221, 2223, 2225, 2227, 2229, 2231, 2233, 2235, 2237, 2239, 2241, 2243, 2245, 2247, 2249, 2251, 2253, 2255, 2257, 2259, 2261, 2263, 2265, 2267, 2269, 2271, 2273, 2275, 2277, 2279, 2281, 2283, 2285, 2287, 2289, 2291, 2293, 2295, 2297, 2299, 2301, 2303, 2305, 2307, 2309, 2311, 2313, 2315, 2317, 2319, 2321, 2323, 2325, 2327, 2329, 2331, 2333, 2335, 2337, 2339, 2341, 2343, 2345, 2347, 2349, 2351, 2353, 2355, 2357, 2359, 2361, 2363, 2365, 2367, 2369, 2371, 2373, 2375, 2377, 2379, 2381, 2383, 2385, 2387, 2389, 2391, 2393, 2395, 2397, 2399, 2401, 2403, 2405, 2407, 2409, 2411, 2413, 2415, 2417, 2419, 2421, 2423, 2425, 2427, 2429, 2431, 2433, 2435, 2437, 2439, 2441, 2443, 2445, 2447, 2449, 2451, 2453, 2455, 2457, 2459, 2461, 2463, 2465, 2467, 2469, 2471, 2473, 2475, 2477, 2479, 2481, 2483, 2485, 2487, 2489, 2491, 2493, 2495, 2497, 2499, 2501, 2503, 2505, 2507, 2509, 2511, 2513, 2515, 2517, 2519, 2521, 2523, 2525, 2527, 2529, 2531, 2533, 2535, 2537, 2539, 2541, 2543, 2545, 2547, 2549, 2551, 2553, 2555, 2557, 2559, 2561, 2563, 2565, 2567, 2569, 2571, 2573, 2575, 2577, 2579, 2581, 2583, 2585, 2587, 2589, 2591, 2593, 2595, 2597, 2599, 2601, 2603, 2605, 2607, 2609, 2611, 2613, 2615, 2617, 2619, 2621, 2623, 2625, 2627, 2629, 2631, 2633, 2635, 2637, 2639, 2641, 2643, 2645, 2647, 2649, 2651, 2653, 2655, 2657, 2659, 2661, 2663, 2665, 2667, 2669, 2671, 2673, 2675, 2677, 2679, 2681, 2683, 2685, 2687, 2689, 2691, 2693, 2695, 2697, 2699, 2701, 2703, 2705, 2707, 2709, 2711, 2713, 2715, 2717, 2719, 2721, 2723, 2725, 2727, 2729, 2731, 2733, 2735, 2737, 2739, 2741, 2743, 2745, 2747, 2749, 2751, 2753, 2755, 2757, 2759, 2761, 2763, 2765, 2767, 2769, 2771, 2773, 2775, 2777, 2779, 2781, 2783, 2785, 2787, 2789, 2791, 2793, 2795, 2797, 2799, 2801, 2803, 2805, 2807, 2809, 2811, 2813, 2815, 2817, 2819, 2821, 2823, 2825, 2827, 2829, 2831, 2833, 2835, 2837, 2839, 2841, 2843, 2845, 2847, 2849, 2851, 2853, 2855, 2857, 2859, 2861, 2863, 2865, 2867, 2869, 2871, 2873, 2875, 2877, 2879, 2881, 2883, 2885, 2887, 2889, 2891, 2893, 2895, 2897, 2899, 2901, 2903, 2905, 2907, 2909, 2911, 2913, 2915, 2917, 2919, 2921, 2923, 2925, 2927, 2929, 2931, 2933, 2935, 2937, 2939, 2941, 2943, 2945, 2947, 2949, 2951, 2953, 2955, 2957, 2959, 2961, 2963, 2965, 2967, 2969, 2971, 2973, 2975, 2977, 2979, 2981, 2983, 2985, 2987, 2989, 2991, 2993, 2995, 2997, 2999, 3001, 3003, 3005, 3007, 3009, 3011, 3013, 3015, 3017, 3019, 3021, 3023, 3025, 3027, 3029, 3031, 3033, 3035, 3037, 3039, 3041, 3043, 3045, 3047, 3049, 3051, 3053, 3055, 3057, 3059, 3061, 3063, 3065, 3067, 3069, 3071, 3073, 3075, 3077, 3079, 3081, 3083, 3085, 3087, 3089, 3091, 3093, 3095, 3097, 3099, 3101, 3103, 3105, 3107, 3109, 3111, 3113, 3115, 3117, 3119, 3121, 3123, 3125, 3127, 3129, 3131, 3133, 3135, 3137, 3139, 3141,

Ellis lets 200,000 Square Feet in Central London

RICHARD Ellis are rapidly coming the

ELLIS SNAPS UP PRESTIGE WEST END PREMISES

WITH PRIME SPACE at such a high premium, it's essential to see their today's property. Richard Ellis are well known for their

Ellis handle over 5 million sq. ft. in 12 months

THE CURRENT short- months has been extra-

RICHARD ELLIS FIND 40,000 SQ. FT. PRIME CITY SPACE FOR CLIENT

by our London Correspondent

Yet another success story for Richard Ellis. Considering the current shortage of prime city space, Richard Ellis's performance over the last 12 months has been extraordinary.

Richard Ellis called in on premier Midlands site

RICHARD ELLIS development in the Midlands is no stranger to the local market.

Another scoop for Ellis

By our Property Editor
To Richard Ellis success seems to come quite naturally. But you don't achieve results like theirs without a great deal of

Richard Ellis to handle sale of motorway service stations

By our Business Editor
The complex task of selling off British motorway service stations has fallen to Richard Ellis. Does this mean he will be able to get a decent price for the

Property

Major car manufacturer approaches Richard Ellis for re-location advice

The complete re-location of a major car company is not the easiest of tasks. Last week how-

Richard Ellis appointed sole letting agents on 112,000 square foot office development for Waterloo

Announcing details at the site near Vauxhall, Richard Ellis said:

Should Richard Ellis be reported to the Monopolies Commission?

When you consider the current shortage of prime commercial space in the UK, any chartered surveyor who handles 5 million square feet in one year, either has to have a monopoly on the market or a phenomenal amount of skill and expertise. If the Monopolies Commission ever show any interest in us, it'll be because **Richard Ellis** Chartered Surveyors they need new offices.

25 ACRES ACQUIRED FOR CHEMICALS CLIENT BY RICHARD ELLIS

BY OUR SPECIAL CORRESPONDENT

Acting for one of Europe's leading chemicals companies, Richard Ellis have acquired a prime 25 acre site

133 Moorgate, EC2

New self contained office development
Fully air conditioned

Approx. **39,500** sq. ft.

Completion Spring 1981

Jones Lang Wootton

Chartered Surveyors
33 King Street London EC2V 8EE 01-606 4060

13 Ovington Square
Knightsbridge
London SW3
**FREEHOLD
WITH VACANT
POSSESSION**
A large Victorian
terrace house
potentially suitable
for most
residential uses
For Sale by Tender
closing
Friday 1st August
1980
Vendors' sole agents
W. A. ELLIS
774 Brompton Road,
London SW2 1HP
Telephone: 01-589 2425

**RUSHDEN
NORTHANTS**
Freehold, Modern Single Storey
Industrial Complex & Land
For Sale or May Let
Chambers & Co. 01-882 4633
King & Co. 01-236 3000

On the instructions of
The Norwich Union Insurance Group

TWO HIGH YIELDING SCOTTISH INDUSTRIAL ESTATES FOR SALE

**ANNIESLAND
INDUSTRIAL
ESTATE
Glasgow**

Gross Rental Income
£120,500 p.a.

**FORT MATILDA
INDUSTRIAL
ESTATE
Greenock**

Gross Rental Income
£119,000 p.a.

Further information from—

WEBSTER & CO.

CHARTERED SURVEYORS
21 West Nile Street, Glasgow G1 2PJ 041-204 0771

Liverpool Capital for Industry

Liverpool Development Agency
051-227 3296



11 DALE STREET, LIVERPOOL L2 2ET

SAVILLS

VALUABLE FREEHOLD
DEVELOPMENT SITES

at Kings Langley, Hertfordshire

FOR SALE BY TENDER

SITE 1
Residential site of 8 acres
approximately

SITE 2
Factory site of 8.5 acres
approximately
with substantial existing buildings
and scope for redevelopment

All enquiries to Sole Agents
Ref. NWJR

20 Grosvenor Hill, London W1X 0HQ

01-499 8644

A Gredley Group development

Boardman House, The Broadway
STRATFORD E.15

AIR-CONDITIONED OFFICES

sq. 33,325 ft.

*LIFTS *CARPETED *CAR PARKING

TO BE LET

COMPLETION AUGUST 1980

Apply Joint Agents

Hillier Parker
77 Grosvenor Street, London W1A 2BT
01-629 7696

JONES LANG WOOTTON
108 Mount Street, London W1Y 6AS
01-495 0140

ON THE INSTRUCTIONS OF THE SANGERS GROUP Limited

15 MODERN SINGLE STOREY WAREHOUSES/DISTRIBUTION DEPOTS FOR DISPOSAL

LONDON
Stamford Hill N16 — 29,205 sq. ft. F.HOLD Peckham SE15 — 5,740 sq. ft. LEASE
Walthamstow E17 — 6,854 sq. ft. LEASE Hackney E9 — 10,528 sq. ft. LEASE
AYLESHAM, Kent BIRKENHEAD BLACKPOOL BOOTLE, Lancs. CROXLEY GREEN, Herts.
8,000 sq. ft. F.HOLD 10,000 sq. ft. F.HOLD 10,000 sq. ft. F.HOLD 10,000 sq. ft. F.HOLD
LEIGH, Lancs. LUTON PRESTON, Lancs. SOUTHAMPTON TWICKENHAM, Middx.
4,000 sq. ft. F.HOLD 10,000 sq. ft. F.HOLD 10,000 sq. ft. F.HOLD 10,000 sq. ft. F.HOLD
Full details from sole agents

Healey & Baker

29 St. George Street, Hanover Square
London W1A 3BG 01-629 9292

THE GATEHOUSE, Hogarth Roundabout, A4 (M4) Chiswick, W4

**TOTAL AREA
TO LET 6,520 sq. ft.**

A restored office building fronting The Great West Road

Standing in its own private grounds this
unique self contained building is midway
between the West End and Heathrow.

Amenities:
Extensive car parking, central heating,
fitted carpeting and light fittings throughout.

SOLE AGENTS Contact Roger Dean

Strutt & Parker

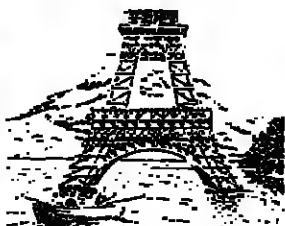
01-629 7282

13 Hill Street, London W1X 8DL

Bairstow Eves

INVESTMENT FOR SALE
MODERN WAREHOUSE ESTATE
BARKING, ESSEX

* ACCOMMODATION—107,567 sq. ft. APPROX.
* CURRENT NET INCOME—£169,300 P.A.
* SITE AREA—5 ACRES APPROX.
* PRICE—£1,600,000 STC
Sole Agents:
PROVINCIAL HOUSE, 218/226 BISHOPSGATE, LONDON EC2M 4QD
TEL: 01-377 0137



Anything you want built,
anywhere in Scotland

CONTACT

Gilbert Ash

041-248 2511

Regional House, West George Street, Glasgow

Berkeley Square W1. 13,700 sq. ft.



Self-contained period Office
Building with car parking

**Weatherall
Green & Smith**

22 Chancery Lane London WC2A 1LT

01-405 6944

London Leeds Paris Frankfurt & Munich

A 2,400 TON CAPACITY

COLD STORE

AND HANDLING FACILITIES

Forms part of the Sale of
GROVE FARMS, NR. ABINGDON, OXON
in 38 Lots or as a whole including

Principal House, Manager's House, 20 Post-War Cottages,
Productive Orchards and Arable Land.
Some 746 Acres in all.

Freehold with Vacant Possession.

Joint Agents:

RAFFETY

P.O. Box 1, 30 High Street,
High Wycombe, Bucks.
Tel: (0494) 21234.
Ref DB

Cluttons

74 Grosvenor Street,
London W1X 9DD.
Tel 01-491 2768.
Ref RD

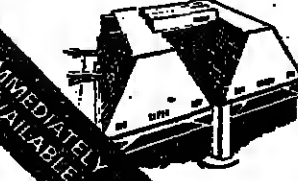
SAXON house

Victoria Street St Albans
Refurbished office building
9,160 sq ft approx

To Let

King & Co
Chartered Surveyors
1 Snow Hill London EC4A 3DF
01-236 3000

158 000 sq ft net
of prestige office space £330 per sq ft



Greyfriars House in the prime location of Northampton's
town centre.
For details contact Leslie Austin-Crowe
Northampton Development Corporation, 2/3 Market Square,
Northampton NN1 2EN.
0804 34734.

NORTHAMPTON

**LEAMINGTON SPA
OFFICES
& SHOWROOM
3 FLOORS**

approx. 2,000 sq. ft. each
will divide
near completion

TO LET

MIDLAND AUTOCAR CO. LTD
Russell St., Leamington Spa
Phone: Leamington Spa 21171

CROYDON JUST COMPLETED
RENT FREE PERIOD
7,133 sq. ft. or 14,266 sq. ft.

* Factory or Warehouse * Self-contained yard
* 21ft. eaves height * 1,370 sq. ft. heated offices
* Four loading doors * To let or for sale

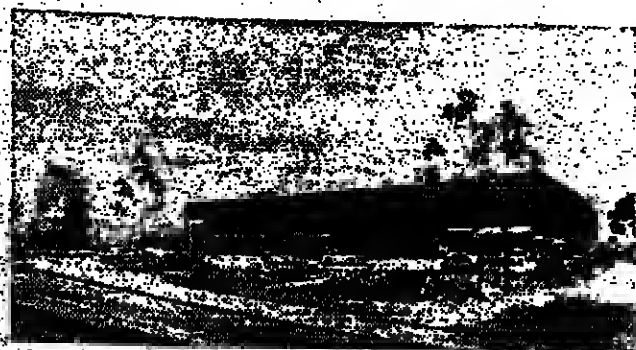
MELLERSH & HARDING
Chartered Surveyors
43 St. James's Place,
London, SW1.
Tel: 01-493 6141.

ELLIOTT & CO.
Chartered Surveyors
9 Park Street,
Croydon, CR9 1TY.
Tel: 01-882 5878.

مکان من الاصل

FOR SALE or TO LET BOWLEY PARK INDUSTRIAL ESTATE, MORLEY, LEEDS

A new Factory Showroom and Offices



BUILT one year ago to a very high standard of construction.
10,000 sq. ft. Factory—2,000 sq. ft. Offices
24' to eaves—Overhead Crane
Close to Junction 28 of M62
3 1/2 miles from M1
Freehold—with vacant possession

For further details apply to Sole Agents:
Maurice Carr & Associates
33 High Street Lutterworth, Leics.
Telephone: 045 55 56929

NEW INDUSTRIAL WAREHOUSE UNITS TO LET

- Biggin Hill, Kent
2,850-124,500 sq. ft.
- Chippenham, Wilts
1,250-34,000 sq. ft.
- Stevenage, Herts
3,000-73,000 sq. ft.
- Ashford, Kent
3,200-34,000 sq. ft.
- Grays, Thurrock
4,000-32,000 sq. ft.
- Yeovil, Somerset
4,900-13,800 sq. ft.
- Wolverhampton
15,000-62,000 sq. ft.

For full details contact:

HENRY BUTCHER
LEOPOLD FARMER
Brownlow House, 50/51 High Holborn
London WC1V 6EG Tel: 01-405 8411

SUPERB OPPORTUNITIES FOR INDUSTRY in

ALYN & DEESIDE, Clwyd, N. Wales

INCENTIVES FOR FIRMS THINKING OF
MOVING TO ALYN & DEESIDE OR
EXPANDING WITHIN ALYN & DEESIDE
Regional Development Grants
Selective Assistance
Government Factories — sale or rent
Contract Preference Schemes
Help for transferred workers
Tax Allowances
Finance from European Community
Local Authority Assistance
Training Assistance
Housing for Key workers

**NOW A
SPECIAL
DEVELOPMENT
AREA**

CONTACT —
W. E. Rogers, F.C.C.A., F.R.V.A., F.C.I.S., F.R.I.M.
Chief Executive,
Alyn and Deeside District Council,
Council Offices, Hawarden,
Deeside, Clwyd.
Tel: Hawarden (STD 0244) 531212 Ext. 288



WHERE
IS
ALYN &
DEESIDE?

AD

TO LET

WITH IMMEDIATE
POSSESSION
NEW WAREHOUSE
& INDUSTRIAL UNITS

- SOUTHAMPTON, Hants
3,616 — 37,330 sq. ft.
- STEVENAGE, Herts
3,810 — 31,700 sq. ft.
- TOTTENHAM, London N15
18,890 sq. ft.



**clive lewis
& partners**
01 499 1001

INDUSTRIAL

ERITH Kent

21,000 sq.ft. factory
and warehouse on
site 2.25 acres
Freehold for sale

**MATTHEWS GOODMAN
& POSTLETHWAITE**
LONDON LIVERPOOL & PARIS
01-248 3200 72 UPPER THAMES ST LONDON EC4R 3UA
ALSO AT WATER ST LIVERPOOL L3 5EF 051 424 972

R. H. & R. W. CLUTTON

HANDCROSS CRAWLEY, SUSSEX

M23 3 1/2 miles, Gatwick 7 miles, London 36 miles, Brighton 18 miles.

**Magnificent site of demolished
country mansion**

Exceeding 25,000 sq. ft. floor area, with Outline Planning Permission to rebuild.
Character Lodge Cottage.
Pair of Gardeners Cottages and walled garden.
Substantial Outbuilding.
Sited in fine timbered grounds including cross paddock, with superb views over parkland.
The whole extending to approximately 19 acres.
FOR SALE FREEHOLD

EAST GRINSTEAD, SUSSEX. (0342) 28444

The Grange WIGSTON Leicester

OFFICE HEADQUARTERS In large secluded grounds

8,400 sq. ft.
with ancillary
GARAGE/WORKSHOPS/
STORES
8,360 sq. ft.

Suitable for a number of uses
FREEHOLD

**EDWARDSYMMONS
& PARTNERS** Tel: 01-834 8454
56/52 Wilton Road, London SW1V 1DH

WALKER WALTON HANSON

NOTTINGHAM
Byard Lane, Tel: 54272
Fax: 571517 HANSON G
LONDON
35 Dover St, Berkeley Square
Tel: 01-463 1945
Tel: 261887 DOVCO'S G
and 3c
Marshall
Hillside Newbury

PINXTON, NOTTS
FACTORY/WAREHOUSE
M1 JUNCTION 28—1 MILE
FLOOR AREA 22,000 SQ. FT.
15 TON TRAVELLING GANTRY
FOR SALE FREEHOLD

Reading Headquarters building 47,000 sq ft (may divide)

- * 1/2 mile junction 11 M4
 - * Substantial frontage to Basingstoke Road
 - * On site parking facilities
 - * Heating and lighting throughout
- To Be Let**

**Debenham Tewson
& Chinnocks**
Chartered Surveyors
Bancroft House Paternoster Square
London EC4P 4ET
01-236 1520

EDWARDS BIGWOOD & BEWLEY

PRESTIGE FACTORY/WAREHOUSE PREMISES

**CRADLEY HEATH
WEST MIDLANDS**
Floor Area: 30,000 sq. ft.
Site Area: 5 Acres
• Change throughout
• Includes 2 x 100 ton storage bays
• Fully fitted and ready to go
• Fully fitted and ready to go



**SUNDERLAND
TYNE AND WEAR**
Floor Area: 50,000 sq. ft.
Site Area: 10 Acres
• Built 1970-1975, modern plant
• Fully fitted and ready to go
• Fully fitted and ready to go

FOR SALE OR TO LET
01-236 8477 01-499 9452

READING (CLOSE)

MODERN FREEHOLD OFFICE BUILDING
4950 SQ. FT. APPROX.
ALL AMENITIES

Sole Agents—

DRUCE EST 1822
Druce House
23 Manchester Square
London W1A 2DD
Tel: 01-486 1252

BRIGHTON AREA

MODERN LIGHT INDUSTRIAL
BUILDING — ON SMALL ESTATE
Let on F & I Lease at £10,000 p.a.
Full details Sole Agent:

FIELD & THOMAS

4 Little East Street
Brighton (0273) 21375

FACTORIES AND WAREHOUSES

**CITY OF BATH
MODERN PURPOSE BUILT
Factory**
28,400 SQ. FT.

Long lease for sale with full
valuable fixtures. Alternative ware-
house use. Immediate possession.
Apply Crisp Cowley,
York Street Chambers, Bath
(0225) 62821

LONDON S.W.11

WAREHOUSE
25,000 sq. ft., heated, with
overhead cranes. Good height.
Plus 8,000 sq. ft. open-ended
wharf. 7 1/2 years lease for sale
or sublet.
Write Box 75287, Financial Times,
10 Cannon Street, EC4P 4BY

FOR INVESTMENT

FOR SALE BY PRIVATE TREATY
NORFOLK
FOUR INVESTMENT FARMS
Acreages ranging from approxi-
mately 144 to 400 acres.
Printed particulars and plans are
available from:

Charles Hawkins and Sons,
Lynn Road,
Dunham Market,
Norfolk PE38 9NL.
Tel: 0479 600000. Telex 21213.

REVERSIONARY INVESTMENT. Modern
office, 25,645 sq. ft. Current total in-
come £56,000 p.a. Recent review added
£2,750 p.a. Price £760,000. Write
Box 75288, Financial Times, 10 Cannon
Street, EC4P 4BY.

PROPERTY WANTED

**COMPANY WISHES TO
ACQUIRE**
MEDIUM TO SMALL SIZED
RESIDENTIAL DEVELOPMENTS
anywhere in U.K. Details in the 3rd
edition to the Managing Director,
Wolpin Group, Tel: 255-5476. Telex
WOLPIN 855152.

WESTWAY M40 LONDON W10

Five remaining
factory units to let.

High specification including ancillary offices, covered loading
and car parking. Eaves height 16' 6".

Immediate possession

Within 10 minutes of Metropolitan Line Underground Station
and A40 (M).

A development by McKay Securities Group.

**MELLERSH
& HARDING**
43 St. James's Place
St. James's Street
London SW1A 1PA
Telephone: 01-493 6141
Telex: 24310
CHARTERED SURVEYORS

Richard Ellis World Wide Industrial

For Sale SKELMERSDALE Prestige Industrial Complex

97,500 sq. ft.
On a Site of 10.5 acres
£650,000
Subject to Contract

Richard Ellis Chartered Surveyors
York House York Street Manchester M60 2DL
Telephone: 061-236 9335

CORNHILL EC3 2,385 sq.ft.

Refurbished
Self Contained Offices
TO LET

Immediate Occupation

PEPPER ANGLISS & YARWOOD
Chartered Surveyors
56 Carlos Place London W1Y 6LL Tel: 01-499 6066

Kinney & Green
Chartered Surveyors & Estate Agents
2a Eastcheap London EC3M 1AA Tel: 01-283 1191

GREAT YARMOUTH BOROUGH COUNCIL

ADVERTISEMENT
UNIQUE OPPORTUNITY
WELLINGTON PIER COMPLEX
GREAT YARMOUTH

Offers are invited from interested
parties to improve the potential and
profitability of this major asset.
Offers for the whole or any com-
bination of parts will be considered.
CLOSING DATE: 18th August, 1980.

Particulars and information
available from:

Estates Surveyor & Valuer,
Municipal Offices,
Hall Plain,
Great Yarmouth,
Norfolk.

WATFORD TO LET NEW FACTORIES

6,445 sq. ft.
to 38,380 sq. ft.

**GORDON
HUDSON** Tel: 0494 2011

LUDGATE CIRCUS, E.C.4. Good quality
Modernized Offices from 1,330 sq. ft. to
2,850 sq. ft. Lift, C.V. carport, 24-hour
access. New lease. £8.85 p.s.f. exclusive.
Pr. De Groot Cells, 01-651 7651.

The Esplanade Southport

Prominent part developed freehold site
5.4 Acres approx.

Foundations and base structure constructed for
140,000 sq. ft. gross office development

Readily adaptable for other uses such as leisure, hotel,
retail, residential, etc. subject to planning consent

To be sold by tender

Closing date 24th September 1980 at 12 noon

**Debenham Tewson
& Chinnocks**
Chartered Surveyors
24-26 Brook Street London W1Y 1YE
01-408 1161

**BALL
PERCIVAL**
Chartered Surveyors
122-124 Strand London WC2R 2ES
0704-36900

KINGS ROAD, S.W.3

PRIME FREEHOLD SHOP AND
RESIDENTIAL INVESTMENT
FOR SALE

Producing an income of
£30,000 p.a.
Write Box 75286,
Financial Times,
10 Cannon Street, EC4P 4BY

EXPANDING RETAIL FURNITURE GROUP...

wishes to acquire additional
stores in Lancashire and
Cheshire.

Details to:
LOMAX, KING & ROTHMER,
1 North Parade,
Parsonage Gardens,
Manchester 3.

INTERNATIONAL PROPERTY

U.S.A. REAL ESTATE INVESTMENT

European partner of international consultants specialising in real estate
investment, tax and financial consulting will be available in England
during the first two weeks in July for consultations with institutional
clients and professional developers. Our expertise includes shopping
centres, office buildings, warehouses, apartments and land. We offer:
— Real Estate Investment Counseling — Real Estate Investment Syndication
— Property Management — Tax and Financial Consulting
Interested parties can contact Mr. Peter Irving, F.C.I.S., at Avenida Hotel,
Chester Bridge, Kilmarnock, telephone 0255 35331 or write in strict
confidence to:

ASSOCIATED CONSULTANTS
5401 W. Kennedy Blvd., Suite 609, P.O. Box 24695, Tampa, FL 33622
Telephone (813) 870-3680

WESTERN CANADA

We have several large acreages in energy areas of
North East British Columbia and North West Alberta
with great potential.
All have good financing and could be purchased with
low down payments.

Reply
BOX 49206 - BENTALL CENTRE
595 BURNARD STREET
VANCOUVER, B.C., CANADA V7X 1K8

FIRST CLASS INCOME PROPERTIES IN U.S.A.

Orion Investment and Management
Ltd. Corp. (an international invest-
ment group with offices in Miami,
Florida, U.S.A., Frankfurt and
Geneva) offer you exclusively the
following properties:

— Bank Building in Miami, Florida:
The only tenant is a major bank-
ing institution. Triple Net. Long
Term Lease. Price is \$1,500,000.
Mortgage available. Triple Net
Rent is \$120,000. Yearly, 10% net
8% return.

— Office Building in Atlanta,
Georgia:
The only tenant is General
Electric Corporation. Price is
\$600,000. Triple Net. Rent is
\$60,000 (approximately). Yearly,
10% net 8% return.

We have more offers in the all cash
range available (from \$200,000 to
\$10,000,000).

Inquiries to:
**ORION INVESTMENT AND
MANAGEMENT LTD. CORP.,**
7100 North Kendall Drive,
Suite 203, Miami, Florida 33156
U.S.A.

Tel: (305) 655-4900 Telex: 254830
Our principal will be in London
soon and will be glad to meet with
you.

MAJOR TENANTS SHOPPING CENTER PACKAGE

ALL IN COASTAL SOUTHERN
CALIFORNIA USA

1 \$158,000—NNN—5 Leases AAA
Traffic Location—8% on cash
price at \$2,000,000

2 \$78,000—NNN—3 Leases AAA
Traffic Location—8.5% on cash
price at \$975,000

3 \$48,000—NNN—1 Lease—AAA
Traffic Location—Very High Land
Reversion Value—\$1,000,000

Package Price—\$3,650,000
L. Peluso Agent,
DOHENY REALTY,
24192 Violet Lantern
Dana Point, Ca. 92629 USA
Phone (714) 661 7395

ATHENS

FOR SALE

Newly-built five-storey
OFFICE BUILDING

Floors from 283 to 410 sq. m.
each—totaling 3,500 sq. m.
of rentable space, with two base-
ments accom. 25 cars and lift,
fully air conditioned, h & c w,
many 'phone/telex lines avail-
able, at a walking distance from
U.S. Embassy and Hilton.

Price: U.S.\$1,000 to \$1,600 per
sq. m. subject to floor's location.
Principals only please:

Telex No. 21-2702 VITA GR.

INVEST IN CANADA

COMMERCIAL REAL ESTATE.
LAND, FARMS
Take advantage of advanced Canadian
OIL & GAS COAL AGRICULTURE
ECONOMY.

Mr. Kenneth Poulton
Tel: 403-282-3631
Century 21, Park Road Estate Ltd.,
7, 44th, 14 Street, N.W.
CALGARY, ALBERTA

PARIS (NEUILLY)

OFFICE—1,000 SQ. FT.
Modern building with restaurant,
telephone answering, own parking
and 24-hour concierge. Ideal
investment. Initial lease 18 months
with option to renew. Adjacent
park.

Phone: J. J. O'Hare
Havant (0705) 451111, Ext. 437.

PIONEER®

HIGH FIDELITY (GB) LTD.

Require for their planned expansion programme

40,000 SQ. FT. WAREHOUSE

WITH

15,000 SQ. FT. OFFICES

on or adjoining M3, M4, A40(M)

(Brentford to Reading; High Wycombe to Camberley)

**EXISTING PREMISES
BUILDINGS UNDER CONSTRUCTION
SITES (3½ ACRES MINIMUM)**

will all be considered for Lease or Purchase

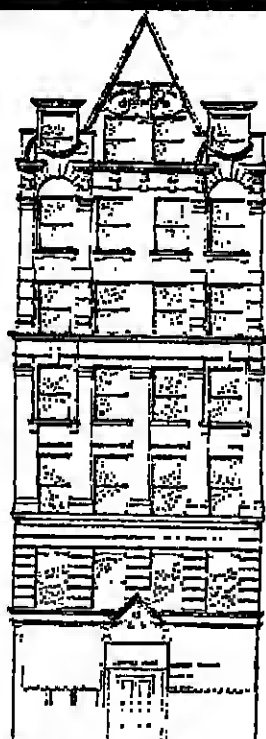
Details as soon as possible please to

Sole Retained Surveyors

Taylor Rose

27 Albemarle Street, London W1X 3FA

Tel: 01-492 1607 Telex: 25247/21879/att. Taylors
(Ref: Q.372/4)



Close to Trafalgar Square, fronting Charing Cross Road and overlooking Leicester Square. Over 25,000 sq. ft. of refurbished office accommodation. Available now.



CONRAD RITBLAT & CO

Constant Surveyors & Valuers
Telephone 01-935 4499
Milner House, 14 Manchester Square, London W1, Telex 262 850
City Office: Portland House, Fenchurch Street, London EC3, Tel 01-423 9116
Scottish Office: 30 Royal Exchange, Glasgow, Tel 01-235 3577
Huddersfield Office: Acton Hall, Huddersfield, Tel 01424 101000, Telex 233 000 C-42.

**13, 14 & 15 WELBECK STREET
LONDON W.1**



5,000, 10,000 or 15,000 Sq. ft.
Refurbished OFFICES To be Let

MELLERSH & HARDING
CHARTERED SURVEYORS

43 St James's Place London SW1
(01) 493 6141

HAMMERSMITH W6

Modern Self Contained
Office Suite

TO LET

3,000 sq. ft. approx

* GOOD DECORATIVE ORDER
* FULLY CARPETED * LIFT
* CENTRAL HEATING
* GOOD TRANSPORT FACILITIES

For further information and details

**DE GROOT
COLLIS**

9 Clifford Street
London W1X 2AL
01-734 1304

RING John Case
Chief Estates Surveyor
0733 68961

**Modern Freehold
Industrial Investments**

FOR SALE

Factory and warehouse development
95,000 sq ft on 5.6 acres
Yearly rent £137,000
Depot and workshop—2,700 sq ft
on 0.39 acres
Yearly rent £5,200

Peterborough
Development Corporation
PO Box 3 Peterborough PE1 1UJ

On instructions from Norwich Union Insurance Group

CENTRAL SCOTLAND
Modern Single Storey
Warehouse/Distribution
Depot

66-100,000 sq. ft.

* Headroom 23 ft. * Excellent Loading & Parking
* Additional 3.5 Acres Open Land
* 5 minutes M8 Motorway

Available Now

Rent under £1 per sq. ft.

Bernard Thorpe

35 GEORGE STREET
EDINBURGH EH2 2LG Tel 031-226 4484

**Chamberlain
& Willows**

01-882 4633

Factories and warehouses

3,000 to 40,000 sq. ft.,
from £1.50 sq. ft.

Sites up to 50 acres

Skilled labour available.
Housing for new and existing staff.

Ring Bob Tilmouth
0952 613131

Telford Development Corporation, Priorslee Hall, Telford, Shropshire. TF2 9NT

Telford

The space, the people, the place for growing companies.

In the last 3 years, over 200 companies have
chosen to invest in Clwyd, North East
Wales. Why?

FACT From conception to completion our
Development Team will help you to cut
through red tape.

FACT We have Special Development Area
status—try matching our financial
incentives elsewhere.

FACT All the labour you need is here and
the work force has an outstanding industrial
relations record.

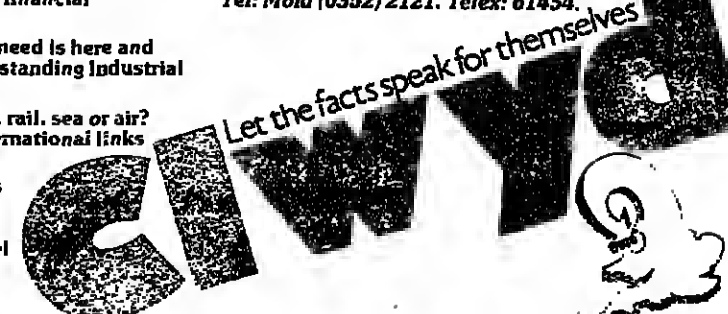
FACT Freight by road, rail, sea or air?
Clwyd's national and international links
are excellent.

FACT Sites and premises
— lease or purchase —
Clwyd offers some of the
best in Europe. From steel
to electronics, large or
small, we can
accommodate you.

FACT Key personnel often live with their
work — bring them to Clwyd, it is beautiful.

Take action now to get the full facts and
our colour brochure by contacting
Wayne S. Morgan, County Industrial Officer,
Clwyd County Council, Shire Hall, Mold,
Clwyd, North Wales, UK.
Tel: Mold (0352) 2121. Telex: 61454.

Let the facts speak for themselves



WATFORD

TO LET

NEW

WAREHOUSE

40,000 SQ. FT.

MAY
DIVIDE

**GORDON
JUBSON**

11, The Watford Way

A Development by The Graylaw Pond Group

The Riverside Estate
THE BIRKENHEAD ESTATE

BOW LONDON E3

Industrial Units To Let

5,980-22,635 sq ft

AVAILABLE JANUARY 1981

**Hartnell
Taylor Cook**

25 Bishopsgate, London EC2A 4DP
Telephone 01-491 3275

Bernard Thorpe

21, Blackfriars Road, London WC1E 9DF
Tel: 01-423 6135

SHOPS AND OFFICES

100% CAPITAL ALLOWANCE available
on freehold industrial developments for
which builder requires funding by way
of sale. Total cost £2.5m. Write: Bob
Street, Financial Times, 10, Cannon
Street, EC4A 3DF.

LEAMINGTON SPA, OFFICES and Showroom
3 floors approx. 2,000 sq. ft. each. Will
divide near completion. To: Mr. Midland
Autocar Co. Ltd., Russell Street, Leam-
ington Spa. CV31 1TF.

On the instructions of the
GENERAL ELECTRIC CO. LTD.
Cray Avenue (A.224)

ORPINGTON KENT

Prestige

WAREHOUSE

31,400 SQ. FT.

**STRATEGIC
LOCATION**

All enquiries joint sole agents:

C.H. YOUNG

Chartered Surveyor

**PCP PRALL CHAMPION
& PRALL**

Chartered Surveyors

74-76 Spital Street, Dartford.

Tel: 0332 23691

**FACTORIES AND
WAREHOUSES**

ROTHERHAM, SOUTH YORKSHIRE—For
sale or to let. Net 7,000 sq. ft. for
manufacturing, workshop or just for
storage. With an open yard of 0.4 acre.
Mellor Brothers & Co., 5 Alderside,
Manchester M2 2FU. 051-832 7128.

KILBURN LANE, W10—9,240 sq. ft.
Industrial Warehouse, accommodation. To
let at low rent. GRIMLEY & SON,
01-636 9664.

HAINAULT ROAD

LEYTON

LONDON E.11

(Close to North Circular Road & M11 Motorway)

**NEW LIGHT INDUSTRIAL
UNITS**

TO LET

69,800 sq. ft.

Units from 1,000-11,000 sq. ft.

(Ready for occupation January 1981)

**Cheshire,
Gibson
& Co.**

16 BERKELEY STREET
LONDON W1X 5AE
TELEPHONE
01-492 0954
and Birmingham

Estate Surveyor and Valuer
LONDON BOROUGH OF
WALTHAM FOREST
TOWN HALL
WALTHAMSTOW
LONDON E17 4JF
TELEPHONE
01-531 3821

**Richard Ellis
Offices**

World Wide

on the instructions of Banco de Vizcaya

75/79

Coleman Street EC2

2,435 sq. ft. Banking Hall.

TO LET

Richard Ellis, Chartered Surveyors

64 Cornhill, London EC3V 3PS

Telephone: 01-283 3090

Aldwych WC2

Aldwych House - 1st floor west wing

Superb refurbished office suite

11,650 sq. ft. To Let

Central heating Four lifts
Prestige entrance hall Toilets en suite

**Weatherall
Green & Smith**

Ref: GR

20 Chancery Lane London WC2A 1LT

01-405 6944

London Leeds Paris Frankfurt & Milan

READING — M3/M4

48,300 sq. ft. FACTORY

General Industrial Use

IMMEDIATE OCCUPATION

FREEHOLD or LEASEHOLD

Sole Agents:

**Gibson
Eley**

9 CASTLE STREET
READING RG1 7SB
(0734) 583111
TELEX 847386

Consultant Surveyors
COMMERCIAL, INDUSTRIAL &
INVESTMENT PROPERTY

ARUN DISTRICT COUNCIL

BOGNOR REGIS

Site for development of small factories 2.4 acres at Bognor
Regis, West Sussex.

Tenders are invited for a new 125 year lease at a peppercorn
rent—to be submitted by 3rd October, 1980.

Further particulars and tender forms available on application to:

The Planning Officer,

4/5 Maltravers Road,

Litchamington,

West Sussex, BN17 5NA.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Service contracts:
the state of play

THE PLETHORA of recent employment legislation has complicated the legal relationship between employers and employees. So one could be forgiven for assuming that service contracts, particularly for senior staff, would have undergone a metamorphosis in the past couple of years.

Not so, according to a British Institute of Management (BIM) survey of 100 organisations. "In spite of legislation and the passage of time, it would appear that companies have made relatively few changes to senior staff contracts in the past five years," says the BIM, which also analysed the format and content of 50 contracts to find out current practice in the field.

"Furthermore, nearly all participants stated that they had no plans for changes in the near future," it adds.

The survey reveals that 42 per cent of respondents stated that they had made no change to contract policy over this period. BIM notes that either these companies provide contracts which need no change to comply with legislation or they have simply been unable to keep pace with changing requirements.

Written contracts for some or all senior staff are provided by nearly all companies, says the BIM, with slightly more than three quarters of the sample including provisions in excess of statutory requirements.

Not surprisingly, the changes made were mainly influenced by the need to keep pace with changing legislation.

The survey finds that one of the main areas of change is the inclusion of conditions under which a contract may be terminated.

These are likely to be poor

performance, incapacity to perform the employee's duties, misconduct, bankruptcy or compounding with creditors. Grounds for dismissal are included as now specified in a majority of contracts.

A third of the companies making changes have introduced a clause on medical benefits.

According to the survey, most companies use indefinite length contracts for some or all of its senior staff; the use of fixed-term contracts—usual length is three years—has become less popular.

Notice periods in indefinite length contracts have generally been extended. Many more companies now guarantee to give directors a year or more notice of termination.

BIM confirms that most claims for unfair dismissal are settled by agreement rather than through industrial tribunals or the courts.

The survey also reveals that:

- Company size is not a significant factor in the incidence of written contracts, but it does affect the range of provisions.

- Nearly a majority of companies includes job location or mobility clauses in contracts.

- The majority of companies includes contract provisions restricting other business activities.

- A "significant" number of contracts include clauses restricting activities after the contract has terminated.

- Contracts of service, available from BIM Management House, Parker Street, London WC2B 5PT. Price £10 to members and £15 non-members.

Arnold Kransdorff

ANYONE WHO thinks there is no growth in mechanical engineering should consider what is happening in a small factory in Mayfield, Kentucky. It was built in the late 1960s to make a new type of air compressor—the machine which supplies compressed air to manufacturing plants, chemical works, mines and a variety of other customers. Sales of the new compressor, known as Centac, grew at over 20 per cent a year during the 1970s and the same rate of growth looks like continuing for several years at least.

The Mayfield plant, which employs just over 400 people, will shortly be moving from two to three shifts. Centac is now being produced by the company in Canada, Italy and Brazil. Substantial investments are still being made in product and market development; cash flow is negative, as one would expect at this stage in the life of the machine, but profit margins are healthy. Return on assets employed is well over 20 per cent.

The company which developed Centac and built the Mayfield plant is Ingersoll-Rand, one of the largest U.S. mechanical engineering groups. It has 47,000 employees and annual sales of \$2.5bn. The company is over 100 years old and the air compressor was one of its earliest products. What Centac shows is that even in a traditional and apparently sluggish industry like compressors there is scope for technical innovation which can provide outstanding growth in sales and profits.

Ingersoll-Rand is not ashamed to be committed to a number of other mature industries: pumps is an obvious example. While it is well aware of the impact of the micro-processor on mechanical engineering, it does not have to diversify into electronics to achieve high growth. The task is the familiar one of developing products which meet customers' needs more economically than anything else on the market. Product differentiation is the key, but the difference has to be based on real technical advantages.

In the early 1960s Ingersoll-Rand saw the need for a compressor which would supply large volumes of air at lower cost, with less noise and in a lighter and more compact installation than the conventional reciprocating compressor. The company had experience with large centrifugal compressors, mainly for process applications in the oil and petrochemical industries. Applying the centrifugal principle to plant air compressors—with outputs as low as 1,200 cfm (cubic feet per minute) and 300 hp required new designs of impellers and other components.

Most of the development work was done at the headquarters of the Turbo Machinery Division at Phillipsburg, New Jersey (which makes gas and steam turbines and large process compressors). Support was provided by Northern Research and Engineering, a contract research company specialising in aerodynamics which is owned by Ingersoll-Rand.

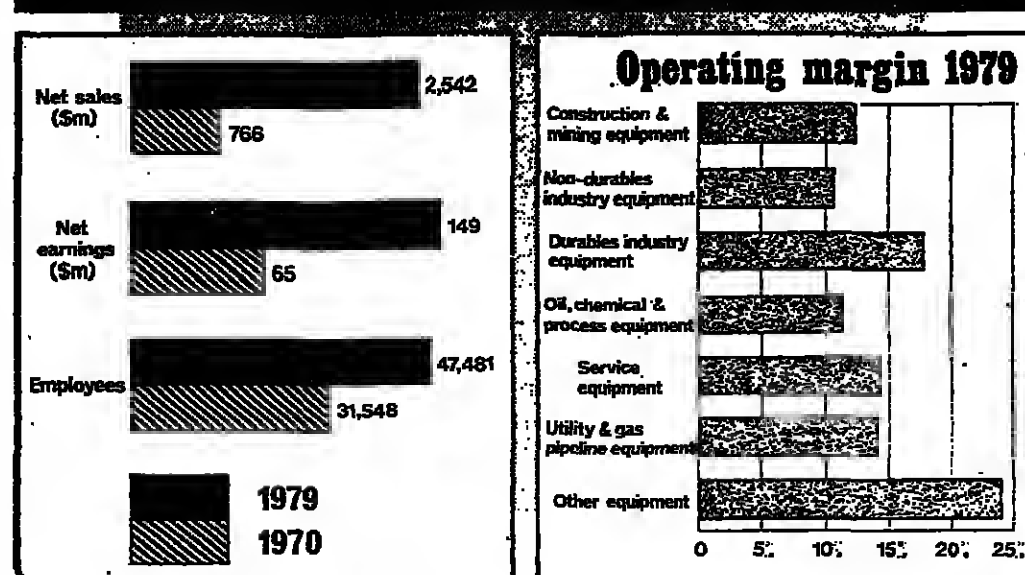
It was at Phillipsburg that the first Centac machines were built, but the company saw that if it was to meet the cost levels which the market needed, production of the new line should not be combined with the big, one-off machines which were Phillipsburg's speciality. So the decision was taken to build a special-purpose plant to concentrate entirely on Centac.

Like several of Ingersoll-Rand's new Southern plants, Mayfield is in a rural area; it is non-unionised. Although it is reasonably central within the U.S., it is doubtful whether it was right to have chosen a district so lacking in experience of precision engineering. The labour force had to be trained from scratch and there were quality problems in the early

Pumping fresh air into
mature businesses

Ingersoll-Rand has proved itself to be a successful innovator.
Geoffrey Owen examines its record and future strategy

INGERSOLL-RAND'S PROFIT PROFILE



years; the introduction of Centac into the Italian plant in Milan a few years later was a good deal easier. But these teething problems are now past and Mayfield is turning out some 250-300 Centacs a year.

Centac has been steadily increasing its share of the market. It is used extensively in the motor industry; General Motors has chosen it for its new small car factories. It is used in air separation plants, in power stations for soot blowing, in mining and for testing jet engines. There are now 11 models ranging up to 9,000 hp and there is scope for further development. Hitachi in Japan has been licensed to make the Centac compressor.

Can the Centac story be repeated in other parts of the company? Prodded and helped by the central research laboratory in Princeton, the managers of Ingersoll-Rand's diverse range of businesses are trying to position themselves to take advantage of the problems and challenges which are likely to dominate the industrial scene in the 1980s.

Emissions

As spelt out by the chairman, William Weary, at the annual meeting, these issues include: world energy supply and economics; U.S. productivity decline; marginal food and water supplies; growing scarcity of materials; government regulation; inflation; high interest rates; slower population growth and changing age mix; scarcity of investment capital; and increasing competition outside national boundaries.

To take one item out of this list, anticipating government regulation is an important strand in Ingersoll-Rand's approach to innovation. Less noise from portable compressors, less respirable dust from underground mining machinery, lower emissions from engines—these are areas where, because of government intervention, investment in development is likely to prove both necessary and fruitful. Ingersoll-Rand is an active participant in government-funded research programmes; it is developing two continuous coal feeders for use in the coal gasification process—both financed by a \$2.3m grant from the Department of Energy.

The drive for new sources of energy and better methods of energy conservation is one of the central themes in Ingersoll-Rand's development effort.

Slurry pumps for moving coal by pipeline, power recovery turbines to reduce energy losses in oil refineries, more powerful rotary drills to extract ore from leaner and more remotely located ore bodies, mechanical dewatering presses to replace thermal dryers—these are the sort of products which, because of their contribution to energy production or conservation, should enjoy above-average rates of growth.

A few weeks ago the Lee Morse subsidiary, which specialises in underground mining machinery, unveiled a new "in-place mining system," which has been under development for several years. It incorporates a continuous miner, a temporary roof support system, a bridge bolter and associated haulage equipment. The system, the company believes, promises very substantial gains in productivity since it will permit continuous mining to advance safely without the non-productive shifting of machinery from place to place.

Raising productivity in Ingersoll-Rand's own plants and those of its customers is another high priority: the development of automatic production systems for vehicle assembly plants is an example. Micro-processors are playing an increasing role in Ingersoll-Rand machinery, with the central research laboratory actively educating the company's engineers in micro-processor applications. The Schlage keyment lock is a micro-processor controlled system which provides stringent security for such installations as power plants, computer centres and banks.

Although there will be a tendency to replace hydraulic and pneumatic controls with electronic devices, it would be wrong to regard micro-electronics as the dominant theme in the company's approach to research and development. Many of the company's recently introduced products, like the

GT-61 gas turbine compressor set for the oil and gas industry, are based on improving and extending the company's established technologies. The company is also receptive to ideas from outside inventors; one of these, the "Split-Set" stabiliser for roof support in underground mines, has become a substantial business.

Ingersoll-Rand has the financial resources to support a high level of spending on development, but ensuring a steady flow of profitable new products is more than a matter of finance. Because the range of Ingersoll-Rand's businesses is so wide—covering standard items like bearings and hand tools as well as big custom-made machinery—relationships between corporate headquarters at Woodcliff Lake, New Jersey, and the operating units have to be handled sensitively. The centre provides strategic direction as well as financial control, but the main push for product innovation has to come from the operating companies.

The hope is that the recent change in organisation will give a new impetus to research and development. The corporation has been divided into four sectors—Standard Machinery, Engineered Equipment, Components, Locks and Tools, and International; but portable air compressors, for example, belong to the construction equipment group which in turn is part of the standard machinery sector. Each sector is headed by an executive vice-president; he has on his staff an engineering vice-president with special responsibility for research and development.

Whether these changes will help to produce more innovations of the Centac type remains to be seen, but the intention is clear. Despite the problems associated with size and diversity, Ingersoll-Rand is determined to demonstrate that a large, old-established, mechanical engineering concern can be a high-technology business.



William Weary: "We have gone for businesses we understood"

TWENTY YEARS ago Ingersoll-Rand was a conservatively managed, cash-rich company, making a lot of money out of its traditional products—mainly rock drills, compressors, pneumatic tools and pumps—but ploughing back almost nothing into capital equipment or new product development. At the end of the 1950s, with the arrival of new management, the brakes were gradually released.

A series of acquisitions enlarged Ingersoll-Rand's range of products, mostly in related industries. They included Torrington in needle bearings, Lee Morse and S and S Corporation in coal mining equipment, Improved Machinery in pulp and paper mill equipment and Schlage in door locks; the last is the nearest Ingersoll-Rand comes to the consumer market.

At the same time the company began to invest more heavily in plant modernisation and in research. Although the three original plants have been retained and kept up to date—at Phillipsburg (New Jersey), Athens (Pennsylvania) and Painted Tree (New York)—many of the new factories have been built in the South and West. There is a strong preference for special-purpose plants employing a maximum of 500 people.

The first European factory, at Trafford Park, Manchester, was acquired in 1921. It was expanded in 1964 and six years later a factory at Gateshead was bought as the base for entering the European pump industry. There is a major plant in Milan, one of forty factories outside the U.S. International sales (including exports from the U.S.) accounted for 37 per cent of total revenue last year.

Most of Ingersoll-Rand's growth has taken place under the direction of William Weary, now 64, who has been chairman and chief executive officer since 1967; he is expected to retire at the end of this year. An engineer by training, Weary rose to the presidency of one of Ingersoll-Rand's competitors, Joy Manufacturing, before resigning after a disagreement with the Board. He acted as a consultant to Ingersoll-Rand in the acquisition of several mining equipment companies before joining on a full-time basis in 1963.

Weary is generally satisfied with the results of the acquisitions. "We've gone for businesses that we understood and for companies which were No. 1 or at worst No. 2 in their industry—and we've avoided recovery situations." Some diversions have proved to be necessary—a plant machinery company was sold and Torrington's knitting needle business (its original product) is being disposed of—but on nothing like the scale experienced by the less discriminating acquirers of the 1960s and early 1970s.

Two more take-overs have been announced in the last few months, both concerned with the oil and gas industry. The largest of the two, involving a cash outlay of \$130m, is the machinery division of Cabot Corporation, making mobile equipment for drilling and servicing oil and gas wells; this deal still has to be approved by the Boards of the two companies and the regulatory authorities.

Profits went through a flat period in the mid-1970s, partly because the company continued to expand capacity in anticipation of a recovery in capital goods demand which did not happen; Ingersoll-Rand was also disappointed by the sluggish development in the U.S. of non-oil energy sources, particularly coal. International sales have had a lean time and returns in Europe are still poor; assets of \$486m produced operating income of only \$53m last year. Ingersoll-Rand has two much capacity, especially in the UK for the current level of business. But the Gateshead plant, after a slow start, is now showing better results, helped by a big order from Saudi Arabia for 61 brine injection pumps.

Last year capacity utilisation in the US improved markedly and operating income rose by 15.5 per cent, compared with an increase of only 3.2 per cent between 1977 and 1978. Despite the write-off associated with the disposal of the knitting needle business, this year's earnings are likely to reach another record. The order backlog is generally good, especially from the oil and gas industry. Last year Ingersoll-Rand won the biggest order in its history—11 gas turbine-drive compressor sets, with \$120m, for Pemex, the Mexican oil company; the first sets are ready for shipment at the Phillipsburg factory.

Despite the fashionable gloom about the declining competitiveness of U.S. industry, Weary believes that the investments which Ingersoll-Rand has been making in new facilities and new products will put the company in a strong position to meet the challenges of the 1980s; this year \$150m will be spent on capital investment and over \$100m on research, engineering and development. It will be up to Weary's successors—a plant machinery company was sold and Torrington's knitting needle business (its original product) is being disposed of—but on nothing like the scale experienced by the less discriminating acquirers of the 1960s and early 1970s.

BOOK REVIEW

Nuggets of advice

GOLD FEVER reached epidemic proportions during the past year. The price rose and collapsed in spectacular fashion, leaving a trail of fortunes and bankruptcies in its wake. The fever has temporarily cooled down, but it remains stubbornly in the body of the world's monetary system and threatens to break out again any time. All the medicines recommended by the world's economic doctors have failed to eliminate the basic desire for gold; indeed they have on many occasions stimulated it unintentionally.

Interest in gold is growing and widespread. It remains a much prized substitute for money, and the movement in the gold price provides an accurate daily indicator of the state of the world's political and economic health.

This intense interest is not always matched by expertise. Last year, for example, when the UK Government lifted the long-term ban on British citizens buying and selling gold as a commodity, there was considerable confusion. It was generally considered to be a "good thing" to remove any restriction, especially in the middle of a boom in the gold market. But few people knew what it actually meant. How could this new-found freedom to buy gold be used? Why was everyone so excited about the activities of Nelson Bunker Hunt, the Texas oil billionaire, in the gold and silver markets?

There is, therefore, an obvious need for a book to unravel the mysteries of the gold market.

The purpose of Trading in Gold is clear: to provide a

simple guide for the layman. It does not seek to pontificate about the role of gold in the world's monetary system, or in the jewellery trade. The assumption is that the reader wants to make money by trading in gold and only needs to know background details so as to help achieve that objective.

Unfortunately, however, the simple guide becomes somewhat bogged down with far-from-simple techniques of trading that apply more in the U.S. than in Britain. All forms of investment in gold are mentioned and analysed. But the author comes down firmly, and repetitively, in favour of trading in gold futures—which occupies the bulk of the contents. Perhaps this is a surprising surprise since Paul Sarnoff is research officer for a big U.S. commodities commission house, whose business is futures trading.

As a result, the nuggets of really useful information are somewhat hidden away in a plethora of details about the advantages of "cash-and-carry" transactions and "butterfly" spreads.

Nevertheless with the prospect of a gold futures market opening in London soon, this is a timely guide, providing a good insight into the new world of the golden calf. The devotees of the futures market are a powerful new influence causing nearly as much concern to the keepers of the world's economic tablets as the idol worshippers did to Moses. Trading in Gold, by Paul Sarnoff, Woodhead-Faulkner, 29.25.

John Edwards

An ideal opportunity to own
an exceptional King Air.

THE BEECHCRAFT KING AIR E90.



As a stable-mate to the larger Super King Air 200, and equipped to the same high standards, the brand new King Air E90 is the natural upgrade to the jetprop class. And it's available for immediate delivery. It's a sound business investment as well. But then, that's what makes the E90 so exceptional. Particularly when you take into

account the Beechcraft name for reliability. Which means higher resale values than for any other aircraft in its class.

Please contact Neil Harrison, Sales Director, for specification details and information regarding additional services as required—finance, maintenance, crewing, and lease-back for charter.



Beechcraft excellence.
From Eagle expertise.



EAGLE AIRCRAFT SERVICES LIMITED
Leavesden Airport Watford Herts WD2 7BY
Telephone: Watford (09273) 79611 Telex: 281502
Sole Beechcraft distributors for the UK and Channel Islands. Beechcraft Certified Service Station

SHORT OF
COMPUTER
STAFF?

Giving us a
call now could be
your first positive
step to getting
financial support
for training computer
programmers and
systems analysts.

We have now introduced a further scheme
for grants to employers for sponsoring
trainees on a range of courses in this field.

But the
number of
grants
available is
limited, so the
sooner you

THE MSC CAN
HELP NOW.

phone us the sooner we can start to help you.

WHEN YOU RING THESE NUMBERS.

ENGLAND AND WALES 01-214 6603.
01-214 6690 01-214 6197. SCOTLAND 031-225 8500-EXT. 213.

Training Services Division
Manpower Services Commission MSC

THE ARTS

Cinema

Missing the bus

by NIGEL ANDREWS

Being There (AA) Odeon,
St. Martin's Lane
Bus Stop Sca
La Chabre Verte ICA
Boris Barnet
National Film Theatre
Marignols in August (A)
Paris Pullman and Phoenix
Dona Flor and Her Two
Husbands (X)
Classic, Chelsea

Marilyn Monroe, woozy, wide-eyed and dripping with anxious eroticism as she croons "That old black magic" in Joshua Logan's 1959 *Bus Stop*, knocks every other film for six this week; not least Hal Ashby's tepid and much-touted *Being There*.

A quarter-century separates these two movies, both plush

Hollywood comedies spiced with pathos, and an even wider gulf separates their charms and achievements. *Being There* is modern cinema at its most machine-made, its stiff-limbed automatism dolled up with an all-purpose, spray-on prettiness of photography. *Bus Stop* has a bounce and lustre that come straight from the heart, and a sentimentality so fearless that it leaves you gasping with delight and admiration.

They're both star vehicles: scripted by "class" writers—Jersey Kosinski adapted *Being There* from his own novel, George Axelrod reworked *Bus Stop* from William Inge's play—and in both movies the comedy's mainspring is verbal not visual. But in *Bus Stop* the Technicolor images devour the screen, hungry for every foot of the

Cinemascope screen. In *Being There* the staging and photography are as tasteful as a mausoleum, with just as many bare and gloomy corners redundant to the action and ready for snipping-out when the film slides onto the TV screen.

Peter Sellers in *Being There* is a philosopher-hero: a hermit-like gardener booted unceremoniously into the world when his rich employer dies. Reared on TV and never before having ventured into the seething cosmos beyond his master's four walls—to wit, Washington D.C.—Sellers' gnomish naivety soon takes East Coast America by storm. He is adopted by a dying millionaire and his wife, Melvyn Douglas and Shirley MacLaine, and the President himself (Jack Warden) comes to hang on Sellers' every gardening proverb as if it were pure wisdom and a ticket to his re-election. In a garden, growth has its season: there is Spring and Summer, but there is also Fall and Winter, rapidly droned the Kaspar Hauser of Washington, and the President ups and repeats it word for word on national TV.

This line in cross-wired comedy is quaintly funny and keeps the film sparking along for an hour or so. But when it's run its course there's nothing to replace it, and Ashby's direction—fresh from the earnest liberalism of *Bound for Glory* and *Coming Home*—mangles the film in an ever more spurious, stately elegance that crushes the life out of what little comic invention is left.

Sellers, like a novocained gnom, regally dispenses his rigor-mortised whimsy, and Melvyn Douglas and Jack Warden gasp and chuckle gamely at the enchanted oldies. But poor Shirley MacLaine is landed with the ever more prominent, ever more unsavagable role of the millionaire's wife who falls for Sellers and thinks he can only be turned on by voyeurism. "I like to watch," he insists: meaning television, but conveying sex. And he is hilariously eventuates when Miss MacLaine goes into onanistic contortions for him on the four-poster bed: Ashby

photographing it all the while with the respectful impassivity of a mortician pondering a corpse. All the beautiful herminess that there is in Kosinski's comic fable—and there is plenty—Ashby embalms. It's a dead, dire, desolate movie.

Being There tries to fashion a cosmic satire—on political gullibility, on the baby-feeding of the media, on the rise of a stately, stand-off, sager-than-thou sophistication, toward a film, refusing to mesh with either the motives or the feelings of its characters. *Bus Stop* is also a satire, poking monstrous, emurpured fun at its dilapidated night-club "chan-tosse" of a heroine (Monroe), its backwoods simpaton of a hero (Don Murray) and at the more lunatic myths and morals on which the children of the American West are reared.

But though Joshua Logan's film lampoons its characters, it's not afraid to get in among them and to love them. Riding into Phoenix to compete in the Rodeo contest, Don Murray's whooping and hollering Montana booby—"That's maaah angel!" he cries on sighting the bewitching Monroe and instantly earmarking her as Mrs. Right—is a hilariously totable mish-mash of male chauvinism and sexual innocence. And Monroe herself, wrapping a goofily gorgeous tongue around her Ozarks accent, milks pillastered pretension and third-rate dreams from every line of her gushed-out dialogue.

Never mind that the movie is as talky as any filmed play could be, nor that the "happy ending" is semaphored at least half way through. What counts is the rampant poetry of the performances, the luscious overkill of the '50s Technicolor, and the feeling that director Joshua Logan couldn't make a contemptuous and tastefully inert film like *Being There* even if he tried. *Bus Stop* shows at the Scala cinema in a spanking new print and you shouldn't miss it.

The same goes for Francois Truffaut's *La Chabre Verte*, a slow, haunted, mould-green movie based on two stories by Henry James. Is there love after

death? the film asks as its widower hero, played by Truffaut himself, clings to the memory of his dead wife and allows nothing—neither his work as a journalist nor his kinship-in-here-avement with a young girl (Nathalie Baye) who has lost her fiancé—to subvert the sacred passion that reaches beyond the grave. Although it's two years old and has already been seen on British television, *La Chabre Verte* is vividly worth catching on the big screen. Truffaut paints the story in broad, bleak brushstrokes of romantic melancholy, and Nestor Almendros's magnificent colour photography clings to the sickly-beautiful colours of an overgrown graveyard.

Boris Barnet is the improbably named Soviet film-maker to whom the National Film Theatre is mounting a two-week season beginning tomorrow. Born in Russia of an English father—hence the nomenclatural snarl-up—Barnet turned out a series of high-style comedies, thrillers and social dramas that kept the assembly-line of Russian cinema moving during the 40 years of his career. Of the NFT films *Girl with the Hubble* is a real character—Anna Sten, later Hollywoodised, romping through a perky comedy of misunderstanding—and there are ample other goodies in the season.

Honest, honourable and unconsciously dull, *Morichols in August* is another lumpy tractatus on social oppression by the South African duo who brought up *Boesman and Lena*: dramatist-screenwriter Athol Fugard and director Ross Devenish. Fugard's anti-racial fulminations crackle fiercely enough on stage but on film, un-matched by alone transfigured by Devenish's blockish camera movements and pacing, his dialogue-of-the-doomed is left to fizzle out in the large and empty air. Winston Ntshona and John Kani are the two poor blacks jockeying for work and playing personality politics in the South African bush, and Fugard himself is the wizen snake-collector who mediates between them.

As for *Dona Flor and Her Two Husbands*, leave all three well alone. Its musical beds in merriest Brazil as the title heroine decides to make the best of widowhood by heading down with both her new husband and her dead one. Ghosts, carnivals, overnating and Portuguese with subtitles.



Brian Bovell, Troy Foster and Mike Grady

Leonard Burt

Riverside Studios

One Fine Day

by B. A. YOUNG

This is Black Week in the London theatre—a season of five plays starting at the Riverside and a couple of African plays at the ICA. The first to come my way is Nicholas Wright's *One Fine Day*, which examines the effect on native culture of the Marxist regime, such as it is, in Tanzania.

The point that Mr. Wright makes well is that no-one recognises culture when they see it. Steve, a young, Leftish lecturer at a Polytechnic (played by Mike Grady) is such a hangdog manner that no African would take him seriously; he goes to Tanzania with a "Land-Rover full of audio-visual aids. His mission is to awaken the Africans to their own way of life. The teachers' training college where he finds himself is run on Dotheboys lines: the students spend most of their days working on a coffee shamba whose produce is sold to a British firm. Having had a vital item of his equipment stolen, Steve sets the students to act a story for him, since he can arrange no demonstrations himself. The story they show him tells how the Indian who formerly owned the shamba left in a hurry after hearing mysterious voices in his house which he attributed to departed tribal ancestors, angry

at seeing a foreigner working the tribal land.

Africans are wonderfully good at this kind of thing. Mr. Wright has caught their style most convincingly and the company, though not all Africans themselves, reproduce it admirably and amusingly. Here indeed is African culture to action, but naturally Steve doesn't recognise it as such. On the other hand, he is indignant that the students should be working as hard for Mr. Mzoga, the President of the college, as they ever did for the Indian, and he precipitates a strike by encouraging the students to ask Mr. Mzoga what becomes of the coffee they grow for him.

The confrontation is distinguished by a blazing performance by Joe Marcell as the totalitarian President, whose way it is to have an "open day" once a week, but to dissuade the students from spilling his rest

by ever coming to see him. Steve, not surprisingly, finds himself no longer welcome and his Land-Rover confiscated. His last illusion about African culture comes with a long conversation with Mr. Kaduma, the Vice-President (admirably played by Yemi Ajibade). Mr. Kaduma confesses that Stellenbosch in South Africa, is "the place of my dreams," even if no one is allowed to sell him a drink there. "Africa," he says frankly, "is a continent of bull-shit," and this is a conclusion that better-informed men than he are also reaching.

Mr. Wright adds a sentimental conclusion to the natural end of his play, but if only for the playing scene and the scene between Steve and Mr. Kaduma it's worth a visit, especially from anyone interested in the position of African tribesmen in the emergent nations.

Brian Dickie to succeed Moran Caplat at Glyndebourne

Brian Dickie will succeed Moran Caplat on his retirement as general administrator of Glyndebourne, with effect from October 1, 1981. Mr. Dickie joined Glyndebourne in 1962 as assistant to Jani Strasser, then head of music staff. In 1967 he was appointed administrator of the newly formed Glyndebourne Touring Opera. For the past seven years he has acted as Moran Caplat's chief deputy for the Glyndebourne Festival.

Covent Garden

Baryshnikov by CLEMENT CRISP

Returning as a most welcome guest to the Royal Ballet and to *Romeo and Juliet*, Mikhail Baryshnikov showed on Wednesday, as he did on his previous visit, a vivid sympathy with the character of MacMillan's hero. The production insists upon the fact of Juliet as the motive force of the drama, and Lesley Collier makes a purposeful figure of the girl awakening to womanhood through passionate rebellion against her world.

But Baryshnikov offers a no less sharply motivated portrait, once the initial crowd scene is past: From tear-away youth in the opening brawl, he becomes entirely focussed upon Juliet when he sees her at the ball. Romeo's personality appears suddenly, mature; youthful ardour remains—gloriously eager in the balcony scene, which Baryshnikov shows in one long, span of rich, strongly-

pulsed dance—but it is controlled by his newfound love.

Fascinating the variety of physical expression Baryshnikov brings to the role. In certain scenes, surrounded by his friends (David Wall a superb Mercutio; Michael Batchelor all elegance as Benvolio) Baryshnikov adopts a demi-caractère manner, the dance sharp in accent, almost stocky, in its physical outline. When the choreography speaks of the pure claims of the danse d'école—in the balcony duet; in a brief solo in the square in act two, where Baryshnikov produces what look very like triple assemblés en tournant—his dancing opens flawlessly out, the image beautifully stretched, ideal in nobility. Amazing the way the banked fires of the personality blaze when he must finally fight Tybalt. Here Baryshnikov has a driven, explosive energy which, totally ex-

pendent, finds him swaying but unable to move when he realises the implications of Tybalt's death. It is truly expressive dancing, and it reaffirms Baryshnikov as a dancer actor of greatness. And he has that rare quality, which was Leonid Massine's, of being able to stand motionless and command all our attention.

From the company, as from the orchestra and Ashley Lawrence, a persuasive and well-paced account of the ballet. David Wall's Mercutio seems to me most moving in his death scene, and blessedly free of the obvious jokiness that has been creeping into the role of late. Even the three harlots—Sally Inklin, Rosemary Taylor and Rosalyn Whiteman—seemed fresher than heretofore. Guest artists are a good thing for waking a company from the doldrums of predictability.

St. Paul's Cathedral

Berlioz' Requiem

by DAVID MURRAY

Though André Previn adjusted Berlioz' *Grande Messe des Morts* to the Festival Hall with the utmost tact not long ago, it was a great pleasure on Wednesday to hear it in the right, hugely sonorous setting. Not for the first time, the City of London Festival presented the Requiem with the immense forces Berlioz intended—and of a professional quality which he could hardly have expected. The choruses were those of the London Symphony and the Brighton Festival (their respective directors Richard Hickox and Laszlo Heltay), with Robert Tear as solo tenor, and John Pritchard conducted the Philharmonia Orchestra.

Pritchard is a fine Berliozian, and the Requiem further requires powers of crowd-control far above the common run. Nothing was wanting here: the great brass eruptions came in well-ferried waves, and the choral lines were not only massively confident but cleanly cut. There was an unyielding rhythmic pulse like a natural force, the better to set in relief the inspired asymmetries and free dramatic inventions of the score. The multiple echoes of the cathedral would seem virtually impossible to reckon with, and yet Pritchard achieved a luminous clarity where it would seem quite beyond reach. From where I sat, almost behind the double basses, a little orchestral detail fell away; but all the sombre, barbaric elegance of the music was re-created on a satisfying scale.

The acoustic enforced the broad tempi for which Berlioz allowed. Pritchard judged the available contrasts to a nicety—there was no hint of unreined grandiloquence, thanks partly to the crisp unanimity of all the choral dictation, but also to his astute pacing of the main climaxes and his suave delicacy with the gentler movements. Rather than essaying a hoisted Gallic sound, Tear delivered a fervent Sanctus on the heroic scale of the rest. The Lacrymosa, taken with daring swiftness, succeeded brilliantly, with the orchestral punctuation like slashing blades. For this giant battery Berlioz devised a reckless amount of synecopation, and it was made sensationally sharp and effective. It would have been impudent to ask for still more restrained pinnacles (the Offertorium sounded a shade matter-of-fact, perhaps) in the face of so rich a performance, grandly serene and terrifying by turns, wholly inspiring.

Olivier

Shakespeare's Sonnets

On Wednesday afternoon Simon Callow performed 149 of Shakespeare's 154 sonnets in a new order based on the researches of a scholar, John Padel. Mr. Padel's book has not yet been published but it seems it will follow, in its early stages, Professor Dover Wilson's belief that the first 17 were addressed to Sir William Herbert on his seventeenth birthday. I am in no position to enter the lists of scholarship on the correct order. Mr. Padel's work places Herbert at the centre of the entire canon, with Shakespeare composing the "Dark Lady" sequence as a play within a play in Shakespeare's quest to initiate WH in the ways of heterosexual love-making. The new order also establishes the poet as someone who took rejection by WH hard before asserting the truth of art as witness to his own passion.

So much is conveyed with great power in Mr. Callow's somewhat over-inflected reading of the sonnets which, like most people, I have only ever read in short spurts. He is pummelled for over three hours with energetically delivered pentameters I found to be an experience less enlightening than a fight. There is presumably an audience which cares very much about the chronological composition of the sonnets. I can hear already the distant rumble of that combative Southamptonite, Dr. Rowe. But for the general reader, each sonnet has its own internal key, its own private message. As a sequence, they simply are not the stuff of dramatic recital. For so formalised a convention as the sonnet, it is foolish to discount the function of the eye in scanning the entirety of each unit.

For sonnets I had forgotten or merely never noticed, my concentration was incapable of meeting the full frontal challenge of Mr. Callow's impassioned inflections. He is always a demanding actor, in the best sense, but there is very little respite from a pained and quivering high pitch. The end of the affair with WH is represented as an opportunity for embalmment in the intimate rhetoric of the poetry. Time, too, in the shape of the Old Reaper, receives his come-uppance. On his own terms, Mr. Callow, (directed by Michael Alston) has achieved wonders. But my mind is pounding with pentameters which I hear as rhythm divorced from meaning. The performance never faltered, except when we very nearly heard "Rough winds do shake the darling buds of May." MICHAEL COVENEY

Wigmore Hall

Haydn Festival by DOMINIC GILL

One of the high points of the Haydn Festival that has unfolded at the Wigmore Hall these past 10 days was to have been the appearance on Wednesday, at the penultimate recital, of the Hungarian soprano Kristina Laki singing a dozen of Haydn's little Canzonets from 1794 to 1798. But Miss Laki was indisposed; her place was taken by Craig Sheppard at the piano, who gave us (at short notice) two more sonatas from the periods mainly under investigation during the series, the 1770s and 1790s.

The evening's string ensemble was the talented young quartet from Salzburg, the Pro Arte—who gave the D major fourth of Haydn's op. 20 set with elegance

and gravity, resisting the temptation to take the opening *allegro di molto* too fast, and bringing the adagio variations to their climax smoothly and with fine intensity. They ended in the same key with the late quartet op. 76 no. 5 of 1797: a secure and buoyant account, very prettily voiced (especially the Largo in distant, glowing F sharp major), and in the finale unusually outspoken, bristling with good humour and high spirits.

It was a relief, and a delight, to hear from Craig Sheppard some of the legato playing that had been so notably absent from his Bach recital a fortnight before. The quirky, quizzical manner, too, exactly suited the two piano sonatas he chose: the

E flat major No. 40 (Hob. 25), with its dancing emphases and uneven phrase-lengths (and its tiny, twirling *Tempo di menuetto*); and the C major No. 58 (Hob. 48) coloured with extravagant dynamic and rubato shadings that were far from "authentic," but nonetheless (and far more important) powerfully consistent and convincing. The temptation to take the opening *allegro di molto* too fast, and bringing the adagio variations to their climax smoothly and with fine intensity. They ended in the same key with the late quartet op. 76 no. 5 of 1797: a secure and buoyant account, very prettily voiced (especially the Largo in distant, glowing F sharp major),



Japanese invade Nottingham.

About 30 years ago Japanese cinema began to make an appearance in this country. It was first featured at the National Film Theatre.

At the time, the enthusiasm and audience for such esoterica was, frankly, limited.

Today, films by directors like Kurosawa, Ozu and Mizoguchi have a large following, and the skill and art of the Japanese film industry is widely known and respected among serious film-goers in this country.

Through the BFI's distribution and educational services, the Institute has brought important examples of all kinds of cinema—over 1500 films are in constant circulation—to audiences who don't have access to the National Film Theatre.

They ensure that lecturers, study materials, publications and, of course, the films themselves are made available to film clubs, schools and colleges throughout Britain. There is also an annual summer school which offers intensive

study of selective areas of cinema.

The BFI promotes and disseminates an expanding range of different film cultures such as the Australian, German and Polish cinemas as part of its commitment to widening the spectrum of films available to the British public, and showing how these films might be seen and studied.

It is also creating and maintaining a vast repository of films and film history through the National Film Archive; publishing books and periodicals on the art of film and creating much-needed opportunities for British independent film-makers.

If you would like further information about the BFI, including membership, post this coupon to: Dept. F11, The British Film Institute, 127 Charing Cross Rd, London WC2.

Name _____
Address _____

 The British Film Institute

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

Telegrams: Financial, London FSA. Telex: 8954871, 8635897

Telephone: 01-245 8080

Friday July 11 1980

Hope amidst the gloom

AFTER A summer of economic summits and Ministerial meetings, it would be surprising if the OECD, which represents the consensus of opinion in the industrialised countries, emerged with any blinding new insights into our present predicament. The half-yearly Economic Outlook, published today, duly reflects the present state of policies and expectations. The expectations, needless to say, are somewhat gloomy—though the judgment that inflation in the industrialised countries has already passed its latest peak gives some strong ground for future hope. The policy discussion, which suggests that we have learned quite a lot in the 1970s, reinforces this hope.

Demonstration

The striking facts are that in the OECD area as a whole, there has been little attempt to repeat the efforts of 1974-75 to protect real incomes against inflation. The price increases through exaggerated wage claims. It is this moderation, coupled with the determination of governments to maintain tight monetary policies despite the deflationary implications of doubled oil prices, which has made it possible that the inflationary reaction will be brief. The UK unhappily stands as a demonstration of the costs of ignoring these necessities for a period—a bitterly ironic result in the economy which has least to fear from oil price rises.

If the inflationary episode is relatively brief, there is reason to hope that the recession will also be less severe than last time round. As the OECD forecasters point out, a rise in oil prices need not in an ideal world cause a recession at all. It is the equivalent of a worldwide scale of a sudden rise in the savings rate: consumption falls to the extent that oil producers do not spend their revenues, but interest rates should fall as they place their surpluses in capital markets, so that the end result would be a moderate investment for consumption.

Inevitable

Unfortunately we live in an inflationary world: and although the response to the latest round of oil price increases may have been successfully contained, the underlying rate of inflation is itself high enough to demand

restrictive policies. For this reason interest rates are higher and investment lower than in an ideal world.

So far, few would nowadays quibble with the analysis; but in looking ahead, the OECD seems to suffer from a split mind. In one passage, the report suggests that the money supply is kept growing at target rates, the reduction of inflation and the consequent fall in interest rates will itself produce recovery—a feeling which reflects the hope of our own government and of the monetarist economic school. Elsewhere, however, the OECD suggests that the fall in inflation should be taken as an opportunity to apply renewed fiscal stimulus, probably in the form of job creation and investment subsidies. This does not seem to reflect the world of determined monetary control, unless it is thought that the recession will so deepen that monetary growth will fall short of target rates despite the expected fall in interest rates. Perhaps such split thinking is inevitable in an international body.

Underlining

For the rest, the report has some cogent things to say about balance of payments objectives, free trade and energy policy. Countries with good credit standing should not strive to correct their current deficits, but rather encourage an inflow of capital; by encouraging rather than resisting recycling in this way, they will help to limit the oil recession. Meanwhile, governments should stick to their declarations on free trade—and should especially offer access to products from developing countries, helping simultaneously to encourage development and restrain consumer prices. Finally, policies directed to reduce dependence on oil imports should be strengthened.

This last point deserves heavier underlining. The OECD seems to regard the fact that the co-ordinated growth programme of 1978-79 ran into sudden barrier of oil prices as an unfortunate accident. In fact it was cause and effect. Sustained growth will only be possible if we can reduce both inflation and our dependence on imported oil.

Lame riposte to dawn raids

THE REPORT by a special committee of the Stock Exchange into the share dealings which enabled De Beers to build up a 25 per cent stake in Consolidated Goldfields is a good account of a very murky affair. It makes it clear that De Beers, with the active co-operation of members of the Stock Exchange, ignored the spirit, but not the letter, of UK law on the disclosure of share ownership.

It leaves an equally clear impression that the "dawn raid" with which De Beers, the London broker Rowe and Pitman and the jobber Akroyd and Smithers, secured the last 11 per cent of Goldfields, was carried out in a blatantly inequitable manner. Yet the Stock Exchange Committee, while drawing some constructive conclusions for company law and the SE's dealing code, lamely avoids any reprimand for its members' key part in the story.

Discreet

The operation took place in two phases. The first—between October 1979 and February 1980—saw De Beers and the London broker and jobber acting in concert to procure a steady trickle of shares in Goldfields. The UK Companies Act, part of which is concerned that a UK company should know the identity of its major shareholders, says that holders of over 5 per cent must reveal themselves. After discussing the matter with Rowe and Pitman, De Beers arranged for the shares to be acquired discreetly and discretely in 3 per cent packets. Legal advisers confirmed that this played safe to avoid infringement of the law.

The SE committee argues that the Act is inadequate and must be rephrased to obtain disclosure from purchasers acting in concert. Given the existing state of the law the committee does not feel that Rowe and Pitman did wrong to continue acting for De Beers. The committee is undoubtedly right about the law but it is a sad reflection on the SE's powers of self-regulation that such an obvious flouting of the spirit of disclosure and of the informed market should not even merit a retrospective slap on the wrist. The second phase of the operation was the "dawn raid" on February 12th through which De Beers acquired 11 per cent

Unfairness

It is obvious that in an operation of this kind some unfairness to shareholders is unavoidable. Yet the account of this share raid suggests that fairness was the last thing on any of the participants' minds. One unfortunate jobber was not even informed of De Beers' requirements. Rowe and Pitman had a head start in rounding up sellers. There was no formal announcement of the offer posted in the Stock Exchange at the start of dealing, from which a few fleet-footed outsiders might have benefited. The only information was from the jobbers and they were happily selling short.

Yet the most ire that the Committee can raise over this raid is that Rowe and Pitman "breached Stock Exchange etiquette" and that short selling by jobbers is "potentially inequitable"—as if the potential had not already been heavily exploited. The Committee does, however, come up with a set of nine sensible rules which should improve the conduct of such large scale market operations in the future.

Under exchange controls, De Beers would have needed permission from the Bank of England to have established a holding in Consolidated Goldfields of more than ten per cent. Now that the controls have gone the SE committee wonders whether the authorities need statutory powers to block unwanted purchases from abroad.

Undesirable

The Wilson Committee asked the same question and our short answer is that such powers are undesirable. The question is, in any case, a canard in the context of this report. What is disturbing here is to see the Stock Exchange, which is the City's champion of self-regulation, appearing so mealy-mouthed in the criticism of unacceptable actions by some of its members and then basing its reticence on the claim that the statutory controls are inadequate.

THE 'CRISIS' OF FINANCE AND LABOUR RELATIONS

The intolerable burdens on Fleet Street

NOTHING BEATS plain talk. The national Press in Britain, said a former Fleet Street editor, is a "sick and subsidised industry in which cynicism and bloody-mindedness often appear the sole orders of the day." It is an industry for which the proprietorial eccentricities of the past have given way to an intolerable, perhaps terminal, combination of excessively high fixed costs, trade union intransigence, and a supervisory formula apparently based on management-by-the-minute.

It is the terrible paradox of Fleet Street that it repeatedly lays its soul bare—dissects and analyses its commercial ills and problems in a way rivalled by virtually no other industry, and yet remains, it would appear as far from solution as it was before.

It is once more beating its breast. The latest "crisis" (Fleet Street's own word) has arisen at The Observer, where extended talks between the print unions and management representatives of the paper's off-shore owner, Atlantic Richfield, the U.S. oil group, are continuing.

One of the main issues between them is the price to be paid for a change to new production techniques in the machine room. Of even greater importance to The Observer is the cost of agreement on "collect" printing, a manning system designed to allow extended print runs without investment in new machinery. It is difficult to gauge the true seriousness of affairs at The Observer. Atlantic Richfield, which rescued the paper from its last crisis at the end of 1976, buying 90 per cent of the shares for a nominal £1, has since fulfilled its promise of heavy investment, reputedly to the tune of as much as \$20m—said to have insisted that the paper will close if agreement is not reached.

Mr. Roger Harrison, The Observer's joint managing director, is reported to have told the unions that he needed agreement in "black and white". Mr. Les Dixon, president of the National Graphical Association, the key union involved, has warned that the paper might face closure. And Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades and chairman of the TUC Print Industries Committee, has said that the owners are not bluffing, that this was "not a rerun of The Times dispute".

Fleet Street could still be summoned to watch the burial of the paper, he said, but at least the deadline for restoration of the talks had been extended. The view elsewhere in Fleet Street was that the drama at The Observer had been badly over-scripted. This view has gained strength as the number of postponed deadlines has increased. Further, few managers spoke to believed that The Observer would die—or that if it did, a chorus-line of bidders would not hastily assemble and

HOW THE DAILIES STAND...					
	October 78- March 79	Price increases	October 79- March 80	+ or -	% change
Daily Express	2,446,762	10p to 12p	2,513,083	-133,679	-5.46
Daily Mail	1,962,506	10p to 12p	1,935,880	-26,626	-1.34
Daily Mirror	3,442,240	9p to 10p	3,585,187	-57,053	-1.57
Daily Star	—	8p to 10p	965,904	—	—
Sun	3,869,355	8p to 9p 9p to 10p	3,845,575	-23,780	-0.61
Daily Telegraph	1,440,729	10p to 12p	*1,446,103	+5,374	+0.37
Financial Times	195,279	20p	*196,322	+1,043	+0.53
Guardian	336,745	15p to 18p	*367,807	+31,062	+9.22
Times	suspended	15p to 20p	*325,851	—	—
Total	13,893,616	—	14,981,712	—	—

... AND THE SUNDAYS

	October 78- March 79	Price increases	October 79- March 80	+ or -	% change
News of the World	4,825,367	14p to 16p 16p to 18p	4,576,845	-248,502	-5.15
Sunday Express	3,293,965	18p to 20p	3,106,077	-187,888	-5.70
Sunday Mirror	3,874,902	16p to 18p	3,845,211	-29,691	-0.77
Sunday People	3,932,146	16p to 18p	3,917,188	-14,958	-0.38
Observer	955,773	20p to 22p	*1,010,374	+54,601	+5.71
Sunday Telegraph	1,066,956	18p to 20p	*1,007,549	-59,407	-5.57
Sunday Times	suspended	22p to 25p	*1,408,678	—	—
Total	17,949,109	—	18,871,942	—	—

* 3 monthly averages Jan/March 1980.

Source: ABC

complete to revive it, despite Fleet Street's worsening symptoms, among them the onset of a recession in advertising.

Equally, few denied that events at The Observer were not another manifestation of what The Times two weeks ago dubbed the Fleet Street death wish. It said that events of the past year had produced a revolutionary change in the industry's position—from decline to catastrophe.

Some thought that piquant, coming from the flagship of a company that lost virtually £40m in an 11-month dispute last year in which its titles entirely disappeared from the Street. That dispute could have been underwritten on the oil riches of the International Thomson Organisation parent in Toronto. And it was one that had resulted in victory for the print unions, it has been claimed by the NGA.

The position is grave, though its severity varies widely from title to title. In total, production losses, whether attributed to faults human or mechanical, have cost Fleet Street 73m lost copies so far this year, compared with 91m lost in the whole of last year, and 155m in 1978. These figures do not include losses sustained by the suspension of Times Newspapers.

On Fleet Street's own estimates, 10 of the 18 main titles produced in or near Fleet Street are currently operating at a loss. Some titles are showing very heavy losses, others very healthy profits, but the fact that the current low-water mark in Fleet Street as a whole coincides precisely with the point on the calendar at which the substantial advertising boom of the past

three years is teetering towards recession. It is not expected to be as severe as the advertising recession of 1975-76, but this particular Big Dipper is fast moving down.

Ironically, trouble at The Observer stems directly from major circulation gains last year caused by the self-withdrawal of the Sunday Times. At its peak, The Observer's circulation reached 1.3m, compared with around 700,000 before its rival went away. Its colour magazine was transformed into a veritable advertising catalogue, and despite a big increase in numbers of pages, it was at one point turning away more than £100,000 a week in classified advertising revenue because of lack of capacity.

Its circulation is still around 1m. This has meant big production cost increases and has exacerbated difficulties over the machine room rates of pay. The

Fleet Street's view is that The Observer drama has been over-scripted

NGA was seeking £7 for every eight extra pages above 48, producing a top rate of £106 a night for a 64-page paper. The management, wanting simultaneous production of a four-section paper, initially offered £23.5 for every eight extra pages. Senior NGA craftsman, it has been said, hanker for the good times of last year, when their earnings reputedly reached £500 a week. The current financial position at The Observer is by no means clear. At Times Newspapers, the losses are all too obvious. Lord Thomson of Fleet, chair-

man of the International Thomson Organisation, told TNL shareholders last month that in the aftermath of its 11-month suspension, it would make a substantial loss in 1980, though considerably less than the £39m lost last year.

More serious, he said, was the refusal of the NGA to honour an agreement made last June to hold talks on new technology. New technology hardware, bought for £3m three years ago, was still under wraps. Sir Denis Hamilton, editor-in-chief of TNL and chairman of the new bidding company, Times Newspapers Holdings, formed in the restructuring of the organisation announced in June, says that TNL is very "product minded," and determined that the thrust of long-term strategy will be editorially-based. TNL circulations have been high since its return.

"Undoubtedly there is a serious crisis in Fleet Street," says Sir Denis. "We simply do not work together. The burden on top management is appalling. We must apply a tourniquet."

Express Newspapers, owner of the Daily and Sunday Express—the latter makes very steady profits—the still-struggling Daily Star and the London Evening Standard, is thought to be hemorrhaging and last November abandoned plans for computer typesetting or photocomposition.

"The year started very well," says its chairman, the recently ennobled Victor Matthews, "but the market has deteriorated very badly in the past two months. We walk a tightrope. Fleet Street is still in the throes of the Times settlement. Giving money away doesn't help."

Good profits have been made, both at the bottom of the market and at the top, which is nothing if not a marketing truism. Mr. Rupert Murdoch's News International, publisher of the News of the World and Sun, made a pre-tax profit last year of £27.9m, of which the Sun and Now contributed nearly £18. But progress has slowed. The group is to spend £40m on new plant in London's dockland, but the News of the World is proving a worry and the once mighty Sun has probably peaked. Mr. Murdoch is still keen to launch a Sunday Sun, but not in the present climate.

Reed International, the parent of Mirror Group Newspapers (MGN), said in its report last week that advertising revenue in the year to March 31, aided by the ITV strike, had been £10m higher than the previous year, and that 170 pages a week of the Daily and Sunday Mirror were now set by photocomposition. Circulation has held up well to price increases. But April and May were bad: MGN's lost advertising and cover price revenue in those months alone was £2.7m.

Associated Newspapers Group, publisher of the Daily Mail and London Evening News, had a good 18 months to last September 30, when the pre-tax profits of its newspapers (national and provincial) were £13.7m. But in the 12 months to March 1980, the circulation of the News slumped by 18.7 per cent, against a tiny percentage gain by its rival, the Evening Standard.

The Financial Times last year enjoyed its best trading year ever. Paid-for advertising rose to 39,427 columns, and profits of the newspaper were £3.4m. But 1980, the company warns, will probably yield a "very much reduced profit, with advertisement volume some 10 per cent lower than in 1979." It has invested heavily in its Frankfurt printing operation. Copies printed in Frankfurt are distributed throughout much of Europe, and to the U.S.

The Telegraph group seems even less inclined than usual to discuss its affairs. "You'd be wasting your time," says its deputy managing director, Mr. John Evans. "Our advertising situation? The signs of recession are abundantly clear."

The length or depth of the looming recession in advertising is difficult to gauge. Total media advertising in Britain last year totalled £2.1bn. The biggest medium of all was the regional Press, attracting £533m in revenue, or 28 per cent of the total—ahead of television (£471m), which lost substantially by its strike, and the national Press (£347m).

Total advertising in national daily newspapers rose by 23 per cent last year, reflecting increased display expenditure derived from ITV; expenditure in the national Sundays improved by only 7 per cent, because of the absence of the Sunday Times.

But the boom of the past

three years has petered out. Classified advertising volume has fallen substantially, and as the recession worsens, effects will be felt in most other categories. Retail advertising may hold up, which will be the more or less severe in categories as diverse as food, household and leisure, auto, industrial. Government and financial. The depression is expected to last at least 18 months.

Over and above it looms the threat to Fleet Street of emergent rivals to newspapers. It is easy to exaggerate the speed with which the new electronic media will pose their threat, but difficult to over-estimate their ultimate importance (it was once assumed that the only commercial application of radio broadcasting would be to allow people in groups, to listen to sermons).

The more immediate developments are likely to include fourth-channel, breakfast, and cable TV. They will be followed by video-disk, wider-screen, and European satellite TV. Most of them will carry advertisements.

Last September, at the Walter Thompson agency in New York, I was conducted on a brief tour of the video future. "It is remarkably inefficient to print a page of paper," I was told. "Magazines and newspapers will be ready straight off the screen. At present there

The advertising boom of the past three years has petered out

is too much media: we're not sure of value received. In the video future we will discover once again that supply and demand really do work."

"Vastly more efficient media will produce lower advertising costs. We will be buying highly specialised audiences using highly specialised ads in highly fractionalised media."

There is usually as much hot air talked in advertising agencies as in newspaper offices. But not this time. In the U.S., the Wall Street Journal already heads editorial by satellite to seven of its 12 U.S. regional printing plants. In September, the International Herald Tribune is due to start satellite transmissions to Hong Kong. This month, the Columbus Dispatch in Ohio, claimed a "breakthrough as the world's first electronic newspaper" by making its entire editorial content available to 3,000 computer terminals across the U.S.

Within the foreseeable future, the national Press in Britain will find its costs, its work practices, its parochialism and its cynicism assaulted as never before by the growing pace of the electronic revolution. That is a desperately short time scale, in which to put its house in order.

MEN AND MATTERS

Still sulking in Strasbourg

I detect widening cracks in Conservative Party solidarity among the 60-strong Tory group in the European Parliament. The Euro-Tories are still worried that despite pep talks from Mrs. T. and Lord Carrington, they are being indulged rather than taken seriously by Central Office.

"We have developed different perspectives on Europe," says one disgruntled member. "We want to discuss defence. They don't consider it a Common Market matter. We are keen to develop 'own resources' financing. They want national governments keeping firm control of the purse strings. We are ready to think about proportional representation. They are not."

But what angers the Strasbourg group most of all is the continued refusal of Westminster colleagues to support their demand for guaranteed access to House of Commons facilities. "The 'Toy Town' jibe they hurl at us really hurts, and what makes it worse is that those who insult us are mostly just Westminster lobby fodder themselves."

Tory MPs consider they are doing a good job in Europe and should be given consideration. And there is a general feeling that the lack of co-ordination between group policy in Strasbourg and Government policy in Brussels is only widening the gap. "It's a bit much seeing something you support being voted down by a minister from your own party," says one enormously anonymous member.

Dawn romps

I must amend my ways if I am to remain in good odour with my friends at the Stock Exchange. I feared yesterday that the colourful colloquialism "dawn raids" has been officially stricken from the SE vocabulary. Now, when Rowe and Pitman and other specialists stand in

the market for a matter of minutes buying up large tracts of shares, I must learn to call such deals "open market purchases."

The new term was not agreed easily, however. At one stage the Exchange powers that conducted the inquiry into the dawn—sorry—open market purchases of Consolidated Goldfields shares, toyed with the idea of dubbing such raids—sorry again—rapid open market purchases. But only until a dourer uncovered the unfortunate acronymic consequence.

Secret formula

A top New York bank (and I shall spare it the embarrassment of naming it), seems to have found the ultimate way of bridging a country's trade gap. In its latest forecast on the outlook for U.S. foreign trade it predicts "a surplus trade deficit." Perhaps Mrs. Thatcher could apply similar verbal chemistry to the PSBR.

Judgment day

On the principle that a picture is worth a thousand words, I felt this draft of the European Court of Justice's new coat of arms by



of the arts Ken Mahood, after sketches retrieved from the dustbin at the College of Heraldry should stand on its own. But here are the details for those on whom the heraldic nuance may be lost.

Arms: Johnnie Walker gules attached by a chain to a sphere, bars parallel.

Crest: Issuant into a sea wavy a floundered trawler.

Supporters: dexter, a haddock; sinister, a sacrificial lamb proper.

Mersey mission

Whenever there is any national industrial upset, Merseyside's marketing manager Jack Stopworth tells me, reporters from all over the country prize their imaginations and rush to Liverpool in search of "colour." These day-trippers, the complaints, arrive with preconceived notions and many seem more concerned with weary clichés and alliteration than with facts. The militant Merseysider, he insists, is a creature of the past. And smog no longer encircles the city's spires.

But still the fantasies persist, and Stopworth's mission as marketing manager in the county council's economic development committee, is to dispel the image which is damaging the area's efforts to attract new investment. To set things to rights he has asked for £57,000 of council funds for a publicity campaign "to generate a powerful sense of community identity, pride and a sense of belonging."

Whereas in the past young citizens may have whistled Beatie's songs to keep up their spirits, in future, if the campaign works they will be exchanging ill-bits of civic pride, nattily dressed in "Merseyside" tee-shirts. Conversation-starters on Stopworth's list include claims that 88 per cent of Merseyside factories have a strike-free record. Of the UK's top 20 companies, 14 are in the area, and there

are 40 U.S. firms employing 15 per cent of the workforce.

While quick to admit that the area has severe problems—unemployment is double the national average—Stopworth claims that of the 25,000 jobs lost last year in the 18 months, nearly every redundancy can be traced to marketing, not labour problems.

Such is the council's sense of "Merseyside" that it is now going across the Atlantic to talk to potential U.S. investors. The region has a full-time business agent in Chicago, selling the notion of re-location to the Liverpool area. "One of two companies have expressed serious interest in the idea," says Stopworth, who has just returned from addressing the powerful Mid-America Committee.

While boldly pioneering the idea of foreign agents however, Merseyside also seems to have a keen sense of reality. The agent is paid a salary—no commission—and has an initial contract of only one year "to see how it works out."

No trouble

Morgan Crucible was clearly allowing no chance at its annual meeting yesterday of any repeat performance of last year's to-do when several noisy members of the Battersea Redevelopment Action Group (BRAG) were forcibly ejected. The ejectees objected to the company's plans to redevelop an 11-acre Thames-side site.

This year not only did Morgan Crucible obtain an injunction to exclude four leading BRAG supporters, notorious as the "Cafe Royal Four," but it also employed a bevy of security men to keep an eye on the packed assembly which went about its business in most orderly fashion.

Observer

NEWCASTLE 900

EXHIBITION

Delighty

ENERGY & ENGINEERING

4th to 13th September

Take some time out to take in Exhibition '80 at Newcastle upon Tyne. See all that's best in North East Energy and Engineering on show during the City's 900th Anniversary.

For further information phone 0632 610773

TYNE AND WARD COUNTY COUNCIL

The Tories are too popular

THE GOVERNMENT ought by now to be seriously worried by the opinion polls: it is far too popular for comfort.

According to the MORI poll in the London Evening Standard last week, the Government is now trailing the Labour opposition by only two percentage points while, for the first time, Mrs Thatcher is regarded as a better Prime Minister than Mr. Callaghan. In March the Labour lead was eight points and in April it was five points. There is something distinctly odd about a government claiming to be taking harsh, unpopular measures only to find its own rating among the public steadily rising.

There are several possible explanations. The first is that such is the national mood, harsh measures are welcome, almost the harsher the better. It would be an acceptable explanation, however, only if there were evidence that the

least partly responsible for its relatively strong showing in the polls. Paradoxically, the Government is popular not because it is succeeding but because it has been failing in one of its main tasks.

There are other more conventional explanations. The antics of the Labour Party is clearly one of them. For more than a month now rarely a day has passed without a new quarrel breaking out in the party, the shambles over the publication (or non-publication) of the manifesto this week being merely the latest example. Labour also appears to be concentrating on issues such as nuclear disarmament which strike no chord among the general public. It is not surprising that this should show up in the polls and that even the popularity of Mr. Callaghan should be slipping.

There is one further explanation that is more positive from the Government's point of view. The Conservative victory last year did seem to stem from a general swing of opinion over the years away from the policies of interventionism and collectivism. The Tories could fairly claim to have won the intellectual argument: the Labour Party, for instance, has no longer the natural party of intellectuals, let alone of government.

If that is the case, it will take some time before opinion moves back towards a new set of ideas. These changes take place over decades rather than years. But they do not preclude volatile swings, if an election is badly timed.

It is also notable that no new set of ideas is being presented. The only ideas coming from the Labour Party are coming from the Left. They are a re-affirmation of policies that have been



Mrs. Shirley Williams pictured shortly after learning she had lost her seat in Parliament in May, 1979.

tried and rejected in the past rather than anything new. The Government need have no fears on that score.

There have been few signs of a Liberal revival which is a fact worth noting after the Tories have been in office for nearly 15 months. It suggests that the electorate is not yet looking for

somewhere else to turn. Equally, Mr. Roy Jenkins's call for a radical party of the centre has met a remarkably muted response: to judge by, for example, the silence of the letters page of The Times.

In the past, one would have expected columns of support from middle class professional

people claiming to be fed up with adversarial politics. Instead, Mr. Jenkins's appeal has turned out to be another case of the dog that didn't bark in the night. It was the quiet rather than the noise that was significant.

Why then should the Government be worried about the polls? The answer is that it has not become unpopular enough early enough. In terms of political time, the first year or so has been very largely wasted. One forgets whether this is the fourth or the fifth occasion when the Cabinet has been struggling to bring public expenditure under control. What one remembers is that it has not yet succeeded.

Again, the Government appears only now to be determined to take a grip on public sector pay. In the private sector, it has been obliged to rely on the threat of yet more unemployment as the main weapon to produce wage restraint. Not least, it now looks as if there will be considerable party pressure to do more about curbing trade union power, the present Employment Bill has become law.

One could add all sorts of other decisions which, in effect, have been only postponed: the future of British Leyland, for example, or the British Steel Corporation, or (though it matters less in terms of employment and expenditure) Immos.

The impression is that here is a radical government ruthlessly applying a new broom. Certainly that is what Mrs. Thatcher and her economic Ministers would like everyone to believe. It is also the impression fostered by the Labour Party and the trade unions. But the reality is that life goes on pretty much as before, though it may now be tempered by recession.

The political reality, if the Government sticks to its guns, is that it is likely to become exceedingly unpopular by the time it is well into its second year in office. Unemployment will still be rising while living standards will be falling and the effects of the cuts in public expenditure (in health, housing and education) will be being felt throughout the country.

It is true that the rate of inflation may well be coming down, but it will still be high. (There appears to be a political axiom in both major parties at present that if inflation is just under 10 per cent, a government can be re-elected. If it is just over, it will fail. It is not a particularly encouraging target.)

There are two related questions. If the above outline is correct, can the Government recover in time to win an election? And can the Opposition get itself into any sort of shape to defeat it? The questions are related because the presentation of appealing alternative policies to those of the Government depends on it first being shown that the Government's policies have failed. At the moment, it is much too early to pass judgment.

That means that the Opposition still has time to sort itself out. If the Labour Party conference in October passes without a major victory for the Left and Mr. Denis Healey is duly elected leader by the Parliamentary Party in November, the opportunity is certainly there. Mr. Healey is currently wooing Mrs. Shirley Williams to be his principal lieutenant, and the idea of a Healey-Williams ticket has its attractions. Under their leadership, the Labour Party would be pragmatic, non-Marxist, committed to the mixed economy,

the Atlantic Alliance and the European Community — just like the Social Democrats in West Germany. The arguments would be about degree, not principle.

But there are snags. Mr. Healey has not yet been elected. Support for him would appear to have slightly fallen away in the last few weeks. Mrs. Williams has not yet committed herself. Besides, she is not in Parliament, having lost her seat in the last election. Her position is that she will await the outcome of the October conference before making a decision—whether to seek to return to the House of Commons or to abandon it for

The Opposition still has time to sort itself out

good. She does not particularly like Parliamentary life.

Even if she were to seek to return, it would not necessarily be easy. She would need a safe seat, not one that might just be won by her personal appeal during a time of exceptional anti-Tory swing, nor one that might be destroyed as a result of boundary changes. She would also need the support of the constituency selection committee. These things cannot be easily engineered.

There is another possibility, even assuming that those difficulties could be overcome. Mrs. Williams could return to the House, but not to support the Labour Party as we have known it. The idea of an independent Parliamentary Labour Party, should the October conference go wrong, seems to be gaining ground. Certainly the triumvirate of

Mrs. Williams, Mr. William Rodgers and Dr. David Owen is playing with it, though they cannot be precise at this stage because of the impossibilities.

The idea owes something to Mr. Jenkins, but not all that much. What the triumvirate is saying is that there might be a case for a political realignment, but not under his leadership and not necessarily by breaking away from the Parliamentary Labour Party. Mr. Jenkins would be welcome to come along, though it would help if he, too, could be re-elected. That is the message that is being sent to Mr. Jenkins in Brussels.

One senses that Mr. Healey's antennae are not all that finely tuned to what is going on. He believes that he will get the leadership in November. Presumably he has a tacit understanding with Mr. Callaghan that the latter is going. That, indeed, is the only rational explanation to make sense of Mr. Healey's recent behaviour. He thinks that he will then be able to unite the party. But he may be underestimating the dissipated tendencies. He ought to talk more to the people whose support he will need. He could do with a few quiet words with the triumvirate. Mrs. Williams, for instance, is not entirely sure how closely she is being wooed, nor to what end.

The prize is that there should be a magnificent opportunity for an opposition party at a time when the Tories are going through a period of great unpopularity. But there is no certainty that the opportunity will be taken. In the meantime, the Tories are thriving more by good luck than good management. Under the surface, British politics are much more fluid than they look.

Malcolm Rutherford

The majority of the people are not suffering

measures are... bringing the general electorate. In fact, this is not the case. At least until recently, the evidence is that the rise in earnings has been keeping up with the rise in prices. That means that the bulk of the people are no worse off. Politically they are able to preserve the illusion of harsh measures under a tough new leadership, but in practice little has changed. The majority of the people are not suffering.

It seems more likely indeed that it is the very rise in earnings which the Government is seeking to contain—that is at

Letters to the Editor

Added value benefits

From Mr. G. Smith

Sir—The Financial Times 1980 world survey of company accounts which shows that 17 per cent of the companies are now using added value statements as part of their reporting system. In the recommendations, it suggests that added value should be part of a company's report. This would probably be a significant step to help companies ensure that their businesses would be financially stable and so contribute to financial stability and employment and economic stability at a national level.

By linking added value statements to balance sheet factors the economic balance of any business can be established and regularly checked. If companies use this planning approach they will ensure their long term financial stability and highlight to their managers the critical nature of the ratio of added value/s of pay and its tight link to profitability and retained cash. Over the last six years at GKN this ratio fell by 7 per cent but profitability was reduced by 80 per cent. At Whitbread it improved by 7 per cent and profitability, increased by 100 per cent.

Obviously managers have to pay detailed attention to the many factors affecting business performance and financial balance. An examination of the 1979 accounts of several companies shows why they are now in difficulty. Several of them use a large proportion, in some cases 100 per cent of the increase in added value to make pay increases to employees. Now with increased competition preventing price increases and no hope of economic growth to recover these increases they are shedding labour. This leads to the irony of paying an asset—employees—to go away through redundancy payments, which affect profits and the national economy.

Surely the logical approach would be to enter into a commitment to use added value linked to sources and application of funds statements and balance sheets to establish the economic balance for a business. This commitment to reality would then probably be a major step in improving financial performance and employee pay, job and investment security together with employee relations and management skills.

G. Smith, Halford House, Coppe Hill Road, Lower Slaughter, Nr. Cheltenham, Glos.

Complete the double entry

From the Financial Director Richard Clay and Company

Sir—I have had for some time a pricking of the thumbs over the adequacy of expressing historically valued assets in current cost terms only.

It seems to me that until the stage is reached when complete industrial plants are run by one or two men we must consider total productive capacity, made up of both men and machines, when considering the current cost of replacement of services for current cost accounting purposes. Example Professor Edey's example of a 100-tonne ship that

... an old textile machine is equal to the cash out flow needed to operate and service the capital cost of the new machinery that would produce a similar output. In that circumstance he says, that by definition, the CCA value of the old machine is zero.

I would like to suggest that having arrived at this conclusion concerning the machinery currently employed we should then report on the workforce currently employed. In the example quoted above there may well be a constant technical redundancy. The most common result of expressing the historical cost of plant in terms of the current cost of replacing its services is for the CCA value to exceed its historical cost, and indeed this result seems to be guaranteed for all companies that use cost indices for conversion, but no account is taken of what in many instances must be the resultant reduction in labour cost.

In order to try to avoid a semantical argument over the difference between output and services may I say that there is no output without input and the labour force with which I am concerned is the only force that can breathe life into capital's input in order to produce output.

I repeat, therefore that in order to present a balanced picture, or dare I say complete the double entry, current cost accounts should provide by way of a note that although historical profits have been reduced by the CC depreciation charge, if the new plant was to be acquired there would be a resulting reduction in labour costs.

J. W. L. Nichols, Bangay, Suffolk.

Changing jobs

From Mr. H. Verney

Sir—There is an amendment tabled at the report stage of the Finance Bill to allow those changing jobs wherever they will be employed to transfer their occupational pension scheme transfer value to a self-employed scheme. This, many people who currently cannot take a transfer value because they have become self-employed, go to work abroad or even have become unemployed, will for the first time be able to benefit from this.

Additionally, people who change employers will not be dependent upon their new employer's scheme for what their transfer will produce, but will have effectively an open market option to get the best value for themselves.

There is a growing tide of opinion which feels that the failure to tackle the problem of pension scheme transfers in advance of the investigation being carried out by the Occupational Pensions Board is liable to lead to an immobility of labour, not to mention severe frustration on the part of many people. I believe that the root of the problem is that an employer cannot be expected to invest a former employee's contribution to best effect when he is no longer responsible for that person. The result is that the build-up of pension after a person has transferred employment is very slow and by comparison to the man who stays with the one employer all his

man who transfers jobs is very poor.

One way of remedying this situation at small expenditure to the Government would be to allow accumulated pensions contributions to be paid into a self-employed pension scheme under Section 226 of the 1970 Finance Act, which allows a more rapid and preferential accumulation of the contributions. The result could be that, if instead of 73 per cent being the rate of interest paid on contributions by a man who transfers his job at 45, there were to be a return of 12 per cent, then the pension at 65 would be the difference between £1,000 per annum and £2,270 per annum.

H. U. D. Verney, Queens House, 55, Lincoln's Inn Fields, WC2.

Funding exports

From Mr. G. Squire

Sir—While agreeing with Mr. Edwards (July 7) that many exporters fail fully to understand the possible advantage of involving export sales in foreign currency, I suggest that his letter may add to their confusion. Those who have studied foreign exchange know that the premium, obtainable on forward sales of foreign currency, comes about because of interest differences between the cost of borrowing the currencies concerned and such premium, converted to an annual rate, approximates to the interest differential.

In no way can the exporter (if he wishes to fund the export) obtain the benefit of borrowing currency at a lower interest rate and of a forward sale, as suggested by Mr. Edwards. There is only the choice of borrowing in sterling and reducing the effective rate of interest by selling forward the currency to be received in due course or of borrowing currency to be repaid from the proceeds of his invoice.

Involving in foreign currency, like all export business, has its pitfalls and inexperienced exporters would do well to seek guidance concerning the advantages of forward sales and borrowing in currency.

George R. Squire, Harcross, 48 Peters Road, Haslemere, Surrey.

British Telecom services

From Mr. M. Elwes

Sir—The news (July 8) that British Telecom is to recruit more staff in an attempt to upgrade the service in the City is welcome. This, however, will not, in itself, solve the problems of telecommunications users.

Staff at all levels within British Telecom are helpful at solving problems, and a very considerable part of this association's work consists simply in finding the right person to deal with a particular query. But, it does appear that British Telecom suffers from two underlying defects which manifest themselves in the day to day lapses of service which affect commercial and household users alike. There has been a record of underinvestment—a point already extensively covered in your columns. It appears that the objectives of British Telecom are too diffuse. This results in resources being spread too thinly, and in failure to make the most of the tele-

What users require from British Telecom is a good basic network, but instead of concentrating on this its policy appears to be to diversify into a wide range of equipment and services which are often already available, or could easily be made available from outside suppliers. It is noticeable that much of Post Office diversification has not been particularly successful, to give a few examples: its data modems are cumbersome, outdated, and in short supply; development of its PAXXS (Monarch and Herald) has been delayed; would-be users of car-phone services experience delays; and the marketing of Mickey Mouse phones merely serves to irritate those waiting for the connection of basic bandsets.

Moreover, the non-network services are not even profitable: in 1978/1979 a loss of £30m was made on apparatus while the use of the network made a profit of approximately £800m. What is needed is for British Telecom to recognise that users do not want to see it spreading resources over peripheral services and attachments, rather they want to see it concentrating resources on bringing the network and the supply of basic services and equipment up to the best modern standards.

Mark Elwes, Telecommunications Users' Association, Tress House, 3-7 Stamford Street, SE1.

Pensioners penalised

From Mr. R. Nye

Sir—I was interested to read the letter (July 8) from the secretary general of the Council of Post Office Unions. Might I suggest that Mr. Carter could well cast his searchlight on the even more iniquitous form of Government theft euphemistically referred to as "the earnings rule."

For the benefit of the uninitiated, the application of this rule means that at 65 one starts to be deprived of the pension to which both employee and employer have subscribed, the moment one earns more than £52 per week.

Admittedly one can elect to defer drawing one's pension but in practice this appears to be a very poor bargain, particularly as it requires one's wife to agree not to take her proportion of pension at the same time.

Successive governments have promised to alleviate the situation and further progress could well be made now, either by raising the limits at which the reduction or disappearance of pension applies, or alternatively by bringing forward from age 70 the time at which one's earnings are not restricted.

It is surely agreed that pensioners should not be singled out from other sections of the community—they are already making their contribution at the present time in that this year the rise in pension rates in November, to allow for inflation, has been postponed for two weeks, representing a very considerable saving in government expenditure, in spite of the fact of course that once again the payments have been allowed for in increases in national insurance charges.

R. H. Nye, The Cottage, 4nd, Cuckfield.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher inaugurates the Atlee Memorial Foundation Adventure Playground, Flower and Dean Street, E1, and visits Toybee Hall.

Sir Keith Joseph, Industry Secretary, visits Plessey factory, South Shields.

Mr. Mark Carlisle, Education Secretary, addresses Council of Local Education Authorities' conference, Solihull.

The Queen and the Duke of Edinburgh attend commissioning of the anti-submarine carrier HMS Invincible, Portsmouth.

National Union of Mine-

workers' annual conference concludes, Eastbourne.

Christies auctions Ruhen's painting Samson and Delilah.

Mrs. Ann Taylor, Opposition speaker on education, addresses Co-operative Union conference, Loughborough.

Taste of Asia exhibition opens, Olympia (until July 20).

Overseas: Sr. Francisco Sa Carneiro, Prime Minister of Portugal, meets President Valery Giscard d'Estaing in Paris to discuss Common Market entry.

Last day of European Parlia-

ment session, Strasbourg.

Final day of President Valery Giscard d'Estaing of France visit to West Germany.

PARLIAMENTARY BUSINESS: House of Commons Debate on information technology.

House of Lords: Debate on Ulster White Paper.

OFFICIAL STATISTICS: Building societies' monthly figures for June.

COMPANY MEETINGS: Associated British Foods, Connaught Rooms, Great Queen Street, EC, 11, Dhamal, 17.

COMPANY RESULTS: Final dividends: British Building and Engineering Appliances, Thorn EMI.

LUNCHTIME MUSIC, London: Organ recital by Malcolm Archer, St. Paul's Cathedral, 12.30 pm.

Festival of the Splendour of Italian Baroque, the Antica Ensemble, St. Martin-in-the-Ludgate, 1.15 pm.

Melville Street, Edinburgh, 11, Property and Reversionary Investment Corporation, Albany House, Petty France, SW, 12, Thomas Warrington, Grosvenor Hotel, Eastgate Street, Chester, 11.

The New Sri Lanka - Opportunities for Business

COLOMBO
4,5 September 1980

The Financial Times and the Greater Colombo Economic Commission have joined forces to arrange this major conference in Colombo on the 4th and 5th of September, 1980.

The Hon. Ronnie de Mel, Minister for Finance and Planning, Sri Lanka, will give a presentation on Sri Lankan Economic Strategy.

A distinguished panel of speakers will examine the environment for international investment and banking, discuss incentives for private and public investment and the implications for trade and industry.

For further details please complete and return the coupon below.

OFFICIAL CARRIER: AIR LANKA

The New Sri Lanka - Opportunities for Business

To: Financial Times Limited, Conference Organisation
Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355 Telex 27347 FTCONF G

Please send me full details of your conference 'The New Sri Lanka-Opportunities for Business'

Name _____ Company _____

Address _____

Tel _____
A FINANCIAL TIMES CONFERENCE

UK COMPANY NEWS

Imps holds £68m but sees lower outcome

A WARNING that full-year taxable profits of Imperial Group are unlikely to reach the £136.65m achieved last time comes with the announcement of a marginally higher mid-term surplus.

Trading profits showed a 6.7 per cent increase to £73.5m (£68.9m) in the six months to April 30, 1980, but interest charges some 22 per cent higher at £4.4m meant that the pre-tax surplus was just £9.5m ahead at £88.5m.

Sales rose from £1.76bn to £1.85bn. The interim dividend is held at 2.75p net—last year's final was 4.5p.

Mr. M. A. Ansoo, chairman, says the modest improvement in trading surplus for the first quarter was sustained through the second three months largely because of an excellent performance by the tobacco division—which turned in profits almost £10m higher at £48.8m for the half-year—and a higher surplus of £18.6m (£15.7m) from the brewery side.

The sale in November to BAT Industries of the group's 50 per cent stake in Mardon Packaging International was reflected in the reduced share of associates' profits at £2m (£6.9m). But this was compensated for by a £5.2m increase to £17.3m in investment income largely attributable to the interest received on the BAT variable rate loan notes obtained as consideration for the disposal.

On the rest of the period, Mr. Ansoo says that, with the deepening recession, 1980 will be a disappointing year for the UK economy and, therefore, for the group.

Increasingly tighter margins and an overall reduction in consumer demand will make last year's trading surplus very difficult to match, and the higher cost of money is imposing much greater interest charges.

"It is this worsening outlook which has obliged us to revise

HIGHLIGHTS

The Stock Exchange has published its report on the controversial share dealings which resulted in De Beers acquiring a 35 per cent stake in Consolidated Gold Fields last winter and the Lex column discusses the various issues which arise from this affair. Elsewhere Imperial Group has produced disappointing interim figures due to a poor performance from food manufacturing and warns that profits will be down for the year. Finally Lex considers the half time results from Sotheby where profits are higher although there is evidence of margin pressures and the directors are indicating that the full year will not produce higher profits. The shares fell back 45p to 500p in the market. In the inside pages Singapore based Times Publishing has launched an agreed bid for Marshall Cavendish, having picked up a 27 per cent stake in a "dawn raid" last month.

our expectations of UK taxable profits and therefore to write off a proportion of advanced corporation tax," he adds.

The group now has a major presence in the U.S., he continues, and while it is too early to make definitive statements, the directors are optimistic about Howard Johnson's performance.

"Taking all factors into account, however, group profit before tax is not expected to reach last year's level," he stated.

Tax for the half-year was substantially higher at £30.5m (£7.1m) and included a £10.3m provision for ACT payments not now expected to be recoverable. The heavier charge meant that stated earnings per share were down from 8.9p to 5.3p.

Extraordinary credits amounted to £31.4m (£19.5m), of which £26.4m related to profit on disposal of Mardon Packaging.

On a CCA basis, pre-tax profits would have been reduced by £32m (£25m). In his divisional review, the chairman says the tobacco side's improvement in profitability was even better than that recorded in the first half of last year, helped

by heavy pre-Budget buying. The paper, board and plastics division experienced mixed fortunes which left it with a negligible trading surplus.

Results from the food division were markedly lower at £5.4m (£12.3m). It suffered from greatly reduced demand, especially in the catering market, and various rationalisation steps have had to be taken.

The brewery division saw improvements in its pubs and off-licences as well as in the free trade.

	1979-80	1978-79
Sales	1,850.5	1,760.9
Tobacco	1,020.5	986.2
Paper, board, plastics	45.1	41.2
Food	589.4	512.9
Brewery	238.2	227.1
Current charges	3.2	6.6
Sales within group	13.7	11.8
Trading surplus	73.5	68.9
Interest	24.3	18.8
Investment income	17.3	12.1
Associates*	2.0	6.9
Profit before tax	58.5	96.0
Tax	30.5	7.1
Net profit	28.0	88.9
Minorities	0.1	0.2
Attributable	27.9	88.7
* Includes £1.55m (£5.69m) for Mardon Packaging up to disposal on November 3, 1979.		

Lex, Back Page

Mitchell Somers down £0.3m

A LITTLE changed second half left Mitchell Somers, engineer and forgemaster, showing taxable profit of £2.21m against £2.51m for the year to March 29, 1980. Turnover was £3.23m better at £29.41m.

Strikes in August and September hit mid-term profit, which fell from £925,000 to £894,000, and their effects carried over into the second six months. Even so, in December, the directors were confident of a return to earlier levels of profitability.

With tax for the year taking £363,000 (£31,000) stated earnings per 10p share emerged lower at 11.5p against 15.5p. The net total dividend is being raised to 3.5p (3.35p) by a 1.75p final, and absorbs £550,000 (£326,000).

Asset value per share at year end was up at 84p (75p).

comment

In true textbook fashion,

Mitchell Somers spent heavily during the year before last on crankshaft machining capacity at a time of dull demand. The group was able to stage a useful second half recovery in the wake of the engineering strike last year but, unfortunately, business is slackening markedly. Stocks have been sharply reduced, and parts of the die-casting division are on short time and the capital spending programme now consists solely of running-off existing projects. Against £1.7m in 1979-80, expenditure will drop well below £1m this year. The industrial pattern is all too familiar and the new distributive subsidiaries are probably still too small to pull overall profits out of a downturn, or at best a plateau, this year. It is a surprise that the shares at 41p, up 2p yesterday, stand at a near 50 per cent discount to net worth. A fully taxed p/e of 5.7 and a

yield of 12.7 are about what the prospects demand.

A receiver for Snappies

A receiver and manager has been appointed to Empress Products and its subsidiary Snappies, a manufacturer of kitchen products such as freezer bags, foil liners, cling film covering, boll and greaseproof paper products.

The receiver, Mr. Michael Arnold of Arthur Young, McClelland Moore and Co., said his appointment was necessitated by an acute cash-flow shortage which resulted from difficult trading conditions in the UK retail trade. But he is continuing to trade and is hopeful that the business will be sold as a going concern to one of a number of parties who are expressing interest.

Sotheby Parke expects 'no increase' for year

EARNINGS, before tax, of Sotheby Parke Bernet Group, fine art auctioneer, improved from £4.32m to £4.8m for the six months ended February 29, 1980. Net auction sales amounted to £114.7m against £91.32m and gross revenue was £24.3m, compared with £18.58m.

Sales for the year will show a significant increase, the directors say, particularly in the U.S., but this will not be reflected in earnings and no increase is expected for the full year—"profit for 1979-78 was £8.23m."

They state that fluctuations in exchange rates have a direct effect on results, especially in view of the larger proportion of sales overseas, and that inflationary pressures on costs, together with the company's major capital expenditure programme, have affected earnings. They add that these will continue to affect earnings next year.

First-half tax took £1.97m (£2.31m) and after preference dividends of £128,000, the amount available was £2.7m against £1.98m.

Earnings per 25p share are shown as 24.1p (18.1p) and the interim dividend is unchanged at 3.5p net costing £381,837

(£391,811)—last year's final payment was 6p.

First auction sales in the new rooms in Chester will take place next week and in the Aeolian Hall in the spring of 1981, the directors state. Sales in the new premises in New York will start early next season; the option to purchase the freehold of this building has been extended to December 31, 1980.

Lex, Back Page

Oil and Assoc. Tst. advances

TAXABLE revenue of Oil and Associated Investment Trust advanced from £360,280 to £364,050 in the year ended March 31, 1980.

A final dividend of 1.1875p lifts the year's total from 2.42375p to 4.5325p, including two special payments of 0.825p each.

Earnings, after tax of £203,500 (£177,225) are shown up from 24.2p to 4.77p basic, and from

2.35p to 4.65p diluted. Net asset value is ahead at 94p (84p).

2.35p to 4.65p diluted. Net asset value is ahead at 94p (84p).

A. Russell climbs to £977,000

On turnover up from £13.19m to £17.12m, taxable profits of Alexander Russell in the 12 months to the end of March, 1980, rose by £165,000 to £977,000.

At mid-year there was a surplus of £591,100 (£524,041) and prospects of the group, the main interests of which include the distribution of fuel and building supplies, quarrying, quarry management and coal recovery, were good for the remainder of the year.

After tax of £242,000 against £150,000, earnings per 10p share are shown as 13.1p (12.3p).

A final dividend of 1.25p makes a net total for the year of 2p, compared with an equivalent of 1.6p after allowing for a three-for-two scrip issue.

Howden Group over £7.5m after solid second half progress

AN ADVANCE of £702,504 to £4.49m in the second half pushed up pre-tax profits of Howden Group to £7.51m in the full year to April 30, 1980. This was an increase of £652,504 on the previous year's figure. Turnover showed an improvement at £101.95m compared with £94.65m.

The board of this engineer and air, gas and fluid handling equipment manufacturer, states that the order book remains at a high level and liquidity is satisfactory.

The pre-tax profits were struck after interest paid of £377,439 against £176,930 received last time. Tax took £2.72m (£2.51m) and there was an extraordinary debit of £453,815 (£242,853), leaving attributable profits up from £3.7m to £4.3m.

Stated earnings per 25p stock unit are 16.6p (15.1p), and the final dividend is effectively raised from 1.8p to 2.27p for a total of 3.6p (adjusted 3.13p).

Cash and term deposits at the year-end amounted to £5.55m (£3.73m), and short-term borrowings, including bank overdrafts, were £10.98m (£8.78m). These figures are after taking account of some £8.3m capital investment made by the group.

Mr. Norman Elliott, the chairman, commenting on the year's figures, says James Howden and Company had a satisfactory year with profits in line with budget. Various contracts are nearing completion, and overseas orders received include fans and pre-

heaters for the extension to Castle Peak power station, Hong Kong, and preheaters for Salmisari and Vaskeluo, Finland.

Almscrew Howden made a useful contribution to group profits despite the cancellation of substantial orders for Iran. Carter Howden had a difficult year owing to the continuing low activity in the UK medium fan market, and Andrew Fraser had a poor year, reflecting the difficult conditions in the hydraulic equipment field.

Most other subsidiaries made useful contributions to profits, says the chairman, and he makes special mention of Howden Group which completed its first year of operations in the group at a reasonable profit.

Since the year-end, the assets and business of Quabbin Industries Inc. has been acquired. This company's activities in the manufacture and rebuild of feedwater heaters and high technology shell and tube heat exchangers, turbine components and contract machining, are being continued through a new subsidiary, Quabbin Howden Inc., Chicopee, Massachusetts.

comment

Howden shares are up by over a third this year and purchased on to new ground yesterday with a 4 1/2p rise to 83p. The full fruits of overseas growth have undoubtedly been undermined by adverse currency influences, but the price may still have some way to travel before the mid-term strength of the group's worldwide energy conservation involvement is adequately reflected. The 31 per cent advance at the trading level is trimmed to 13 per cent growth pre-tax, but

year end gearing is broadly unchanged and capital spending this year is likely to fall by some £2m. The short term order book has been maintained and, although Howden is temporarily eating into its longer workload, it is more a question of when rather than if the group can restore the position and signs the seven-year gas circulator contracts for the AGB nuclear power stations at Torness and Heysham B. The yield of 5.7 per cent on a well covered dividend may not offer very much but the fully taxed p/e of 7.2 is by no means over-estimating the benefits of a healthy balance sheet and strong demand.

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total last year	Total this year
Braithwaite and Co.	2.28	Oct. 1	2.66	7.7	4.87
Daejan Holdings	2.28	Sept. 4	2.08	3.5	2.25
Gen. Funds Inv. Tst.	2.5	Sept. 23	2.3	—	6.9
Philip Harris (Hilgess)	4.05	—	3.55	5.5	—
Howden Group	2.27	Nov. 1	1.8	3.6	3.13
Imperial Group	2.75	Sept. 12	2.75	—	7.25
Kinta Kelas	3.5	Oct. 1	1.6	5	4.5
Mitchell Somers	1.75	Oct. 1	1.6	3.5	3.35
Oil and Assoc. Tst.	2.18	Oct. 6	1.25	1.34	2.42
Rahner	1.25	Sept. 5	0.92	2	1.6
Alexander Russell	1.25	Aug. 29	3.5	—	11.5
Sotheby Parke	3.5	Aug. 22	0.65	—	2.38
Tribune Inv.	0.8	Oct. 1	3.39	4.9	4.5
United Gas Inds.	3.5	Aug. 25	—	—	—
Weston and Philip Int.	1	Aug. 25	—	—	—

Dividends shown except where otherwise stated. * Dividend after allowing for scrip issue. † Including two special dividends of 0.825p each. ‡ Including special dividends of 0.28p.

UGI suffers slight setback

A FALL from £2.52m to £2.34m in pre-tax profits is reported by United Gas Industries for the year to March 30, 1980, despite the change in the accounting date of overseas subsidiaries which includes an additional three months from those companies.

The pre-tax profits benefited by approximately £88,000 as a result of this change, but against this there was a loss on exchange arising from the conversion of reserves and profits of those subsidiaries amounting to £150,000 (gain £50,000).

Group sales for the year improved from £45.45m to £49.73m.

After tax up from £637,000 to £734,000 and an extraordinary credit of £251,000 (£88,000 deficit) stated earnings per 25p share are down from 15.2p to 12.3p, and the final dividend is raised from 3.35p to 3.5p for a total of 4.5p (4.5p).

Measurement and control activities in Cornwall were the major contributors to the group's higher profits. The loss-making subsidiary at Carnarvon has been closed, and the subsidiaries operating at St. Austell made a significant contribution for the first time in the history of that site.

The board says the market for domestic heating appliances became increasingly difficult towards the end of the year and profit on this activity fell to £331,000 (£111m).

A breakdown of the group's principal activities shows sales and profits as follows (in £000s omitted): measurement and control equipment, £22,990 (£19,702) and £1,837 (£1,067); domestic

appliances, £18,568 (£18,188) and £331,000 (£311,141); Bellows and other activities, £178 (£9,568) and £491,000 (£733,000).

Value of goods exported from the UK was 55m compared with £4.4m in the previous year. A revaluation of properties on an existing basis in March showed a surplus of £1,100, which has been added to reserves.

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

Morgan Crucible sales up

Morgan Crucible has estimated sales of £46.6m in the first six months of this year. Mr. Ian Weston Smith, chairman, told the annual meeting.

Excluding the acquisition of Franklin Corp and DIA, sales amounted to £61.7m, compared with £54.9m during the first half of 1979.

The chairman said the Thermic division was still waiting for the UK steel industry to recover from its strike and added that some redundancies were already necessary in this area.

Morgan is also making workers redundant at its Chadwell Heath plant, because the production of lighting carbons for the cinema industry is being stopped and the manufacture of larger carbon extrusions is being moved to Wales. Bettis, a Morgan subsidiary, is closing its Portsmouth factory and all production will be concentrated in the New Malden plant.

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

SPAIN		Price	% chg
July 10			
Banco Alibon	220	+2	—
Banco Caceres	210	—	—
Banco Exterior	210	—	—
Banco Hispano	227	+3	—
Banco Inmobiliario	122	—	—
Banco Madrid	141	—	—
Banco Santander	280	+3	—
Banco Urquijo	147	—	—
Banco Vizcaya	220	+2	—
Banco Zaragoza	208	—	—
Grupos	79	—	—
Industria Zin	100	—	—
Fesco	59.7	+0.3	—
Gal. Princesas	24	+0.8	—
Hidro	64.7	+0.2	—
Industria	112	—	—
Petroles	107	—	—
Seguros	107	—	—
Telefonos	107	—	—
non Elect.	65	—	—

SHARE STAKES

B. Elliott and Co.—Mr. E. M. Russell has acquired 15,000 ord-

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

comment

MINING NEWS

Charter to invest more in mines and industry

BY KENNETH MARSTON, MINING EDITOR

IN ITS first annual report since last year's major restructuring Charter Consolidated outlines its new strategy. The UK finance group intends to develop on two fronts: the development of medium-scale mining projects in Europe and further afield, and the continued diversification into industrial investment.

There are now four operating divisions each headed by an executive director: mining, industrial, finance and administration. Mr. Neil Clarke, the chief executive, says that those in charge of the divisions will be expected to set and attain realistic profit targets for their areas of interest.

Having sold most of the holding in Harmony Gold, Charter has now parted with most of its South African mining investments. But the consequent fall in investment income is being countered by the group's share of the retained profits of associated companies which now include Johnson-Matthey.

Dr. Alfred Spinks, Charter's new chairman, expects that UK Government policies will lead to a better economic climate and that Charter is well placed to develop its mining and industrial interests. He adds, "we are actively seeking suitable opportunities to do this by expansion or acquisition."

Presumably this is a good time to go shopping—the share market appears to think that mining and construction engineers Bennett and Hallamshire are on Charter's list—and if the British Petroleum bid for Selection Trust goes through Charter will receive the equivalent of about £100m for its 25.7 per cent stake in ST.

Meanwhile, it is understood that large parcels of shares in Charter have been traded this week. In another very heavy turnover yesterday they reached a high of 230p before closing unchanged at 230p which compares with a net asset value at March 31 of 309p per share, or £324m.

BOARD MEETINGS

The following companies have notified sales of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are intended or not and the following shown below are based mainly on last year's results.

Company	Date
Intertec-Schilling International (London)	July 17
Fincham-D. F. Baven, Graham Miller, British Building and Engineering Services, Thon Ltd.	July 17
Future Dates	
Intertec-Schilling International (London)	July 17
Fincham-D. F. Baven, Graham Miller, British Building and Engineering Services, Thon Ltd.	July 17
Intertec-Schilling International (London)	July 17
Fincham-D. F. Baven, Graham Miller, British Building and Engineering Services, Thon Ltd.	July 17

ROUND-UP

Total proven and indicated ore reserves have been increased at the Australian Mareeba Mining's small, but very high grade, copper mine in north Queensland. The reserves are now put at 110,200 tonnes grading a rich 23.4 per cent copper compared with the previous figure of 88,000 tonnes grading 23.61 per cent. Of the latest total, about 92,500 tonnes grading 23.3 per cent are proven and the rest grading 23.6 per cent, is of indicated ore.

Apex Mining, the second largest primary gold producer in the Philippines increased net income last year to 13.4m pesos (£780,000) from only 2m pesos in the previous year. This reflected higher gold prices together with increased gold production which rose 21 per cent to 20.5m ounces. Silver output last year was 13.6m ounces. The company has thus wiped out its accumulated deficit at the start of the year which amounted to 4.1m pesos. Apex's new cyanidation plant is nearly completed and is expected to

raise gold recoveries to 90 per cent from 75 per cent.

Shareholders in Australia's Gold and Mineral Exploration have approved the company's purchase of 2m shares in the Watte Gully Gold Mines. The shares were sold by Gold and Minerals' parent, Swan Resources, at 67 cents (23.8p) per share ex-rights, giving Swan a considerable profit, although the current price of the shares is around 95 cents. Watte Gully has a 50 per cent stake in Chawton Gold Associates which is bringing the Watte Gully mine into production. The other partners in Chawton are Swan Resources (40 per cent) and Gold and Mineral Exploration (10 per cent).

HUBBAY PLANS CS10M SPENDING

Canada's Hudson Bay Mining and Smelting has started a three-year underground programme at its Tom deposit in the south-eastern corner of the Yukon Territory, reports John Saganich in Toronto.

Hudbay, the Canadian arm of South Africa's Anglo American Corporation, said that the primary aim of the CS10m programme is to follow up indications that additional reserves of lead, zinc and silver exist below the area drilled so far.

The secondary objective of the programme is to obtain more detailed information about the present reserves, which are estimated at 10m tons of ore averaging 7.5 per cent zinc, 6.9 per cent lead and 2.3 oz silver per ton. The deposit was discovered in 1951.

INGALL INDUSTRIES

Ingall Industries' wholly-owned subsidiary Thompsons (Funeral Furnishers) has acquired Stenner and Hill and Thomas Pakeman and Son, long established funeral directors in Bristol for £140,500.

Ashton's progress

THE LATEST quarterly progress report from the Ashton diamond exploration venture in Western Australia contains little in set pulses racing in a sharemarket ever eager for exciting news, but from a potential mine manager's point of view it suggests that the time has come to start preparing his application for the job.

He will note the disclosure that the joint venture has now started initial investigations of potential markets for the various types of diamonds recoverable from the Argyle and Ellendale prospects. The treatment of bulk samples from the Ellendale pipes has been completed for the purpose of the present programme.

The sharemarket may be cheered by the possibility of more fun to come with the news that investigatory work is now in hand concentrated at the Argyle deposits, the finding of which was described as the most significant event of last year by the partnership.

Ashton, overall, continues to present a picture of a high concentration of diamonds in the ground treated and a large proportion of them are of gem quality, but the stones are very small in size.

Field work at the Upper Surber Creek alluvial terraces at Argyle has given a good result of 5,899 carats of diamond recovered from 1,069 cubic metres of gravel, but there is no indication of the size of the stones.

At Ellendale, however, it is interesting to note that latest treatment of samples from pipe "A" has produced a much higher average size of diamond than previously.

Although the amount of material treated, 10,829 tonnes, was only about one-eighth of that in the previous quarter, the average size of the diamonds recovered was about half a carat compared with one-fifth in the first quarter. The grade was unchanged and the largest stone recovered weighed 5.37 carats.

The partners in Ashton are: Cozzine Riointo of Australia (24.5 per cent), Ashton Mining (24.5 per cent), Tanks Consolidated's Tanau (9.1 per cent), Northern Mining (5 per cent) and AO Australia (14.9 per cent).

A year of exceptional importance for Charter

Points from the reports of the chairman, Dr. Alfred Spinks and the chief executive, Mr. Neil Clarke for the year to 31st March 1980

Features from the accounts

	1980 £ million	1979 £ million
Profit before taxation	52.3	44.5
Attributable earnings	27.9	23.0
Extraordinary items (1979 deficit)	54.6	(5.7)
Net assets (including appreciation of investments)	324.3	340.7
Earnings per share	26.6p	21.9p
Dividends per share	8.35p	8.62p
Net assets per share	309p	325p

NOTE The results cover the restructuring which occurred during the financial year and are not directly comparable with those of the previous year.

• The year was exceptionally important for Charter because of the major restructuring which took place, leading to substantial changes in the distribution and balance of assets.

• The management structure of the company has been reorganised.

• Charter received a substantial amount of cash in the restructuring and the borrowing element in the capital structure is now very low.

• Charter is actively seeking opportunities to develop its interests both in mining and industry.

• In the industrial field, areas in which Charter is at present involved offer scope for the future and the company is also extending its interests into new sectors.

• In mining, Charter has the resources to develop medium scale projects in Europe and further afield and believes that in the case of particular minerals which are becoming increasingly scarce the potential reward more than justifies the high level of risk involved when investing in new mines.

Geographical distribution of assets

United Kingdom and rest of Europe	54.3%
North and South America	19.1%
South East Asia and Australasia	18.2%
Africa	8.4%

Copies of the Annual Report and Accounts can be obtained from 40 Holborn Viaduct, London EC1P 1AJ, or from P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

CHARTER

Charter Consolidated Limited

OIL AND GAS NEWS

Canada's drilling season gets underway

THE DRILLING season is getting under way off Canada's Labrador coast, reports Robert Gibbons from Montreal.

Chevron Standard, operator for a consortium comprising Petro-Canada, CUC Oil and Gas and Columbia Gas Development Canada, says that the drilling in Glomar-Atlantic will shortly be on location to start drilling Chevron South Labrador M-79, 25 km east of the Hopedale E-33 oil well discovered in 1978. The well will be drilled in 500 metres of water to a depth of 3,660 metres over the next two months.

Meanwhile Mobil Canada has released more data on the Hibernia 0-35 appraisal well located around 200 miles off St. John's, Newfoundland. The 0-35 well is situated west of the original Hibernia E-15 oil field. However, Mobil adds that further appraisal wells will be

recently drilled at 11,346 feet. Mobil says that the sixth, seventh and eighth tests on 0-35 confirmed oil and gas shows. Zone eight, which log analysis shows has marginal potential, produced 31.4 degree API oil at variable rates of less than 400 barrels daily and natural gas at variable rates of up to 2m cubic feet daily from the interval 6,742 to 6,778 feet.

Zone seven, from 7,187 to 7,203 feet, tested 3,103 barrels of 30.3 degree API oil and 2.2m cubic feet of gas daily. Zone six, from 7,280 to 7,305 feet, tested 1,815 barrels of 29.1 degree API oil and 1m cubic feet of gas daily.

Five previous tests on the well all produced oil and gas shows of varying amounts of up to 2,755 barrels of oil and 1.8m cubic feet of gas per day.

needed before the full potential of the Hibernia find can be ascertained. The original discovery was confirmed as a commercial proposition in January this year when Chevron revealed that three principal zones of oil accumulations proved capable of producing at a rate of 20,000 barrels a day.

Hartogen Energy says that "moderate" indications of gas have been found in the Lesueur No. 1 well drilled in the Bonaparte Gulf off the coast of Western Australia. Lesueur No. 1 is located 84 kilometres south of the Tern gas field.

The gas show was encountered when a core was cut from 3,111 to 3,112 metres. The well is currently drilling ahead at 3,131 metres and has a target depth of 3,505 metres.

Hartogen says the significance of the show will be further

evaluated when wireline logs are run at total depth.

The Hartogen consortium has a 45 per cent interest in the well, Australian Aquitaine Petroleum, the operator, 40 per cent, Alliance Petroleum 7.5 per cent and Pan Pacific Petroleum and Bamboo Creek 3.75 per cent apiece.

Meanwhile Hartogen also reports that the Kincora No. 20 appraisal well in Queensland's Surat Basin has been spudded and is drilling ahead. The well is located around 5.35 kilometres south of Kincora 18 which flowed oil at 430 barrels a day.

Bridge Oil says the Glen Fosslyn No. 1 gas discovery well in the Surat Basin is being completed as a gas producer from the shaly grounds formation. The well has reached target depth of 7,180 feet and production testing is being set.

An open hole test over the interval 6,800 to 6,853 feet flowed gas, with associated condensate, at 6.4m cubic feet a day. A second test in the lower portion over 6,850 to 6,884 feet produced 50 feet of waxy crude oil. Further gas production testing will take place later this month. Glen Fosslyn is on a new structure 21 kilometres north-east of the Silver Springs gas pipeline. Appraisal drilling is to determine the extent and importance of the gas and oil finds will be carried out when a rig becomes available. Bridge added.

Kinta Kellas Rubber rises to £666,684

On turnover ahead from £1,28m to £1,52m, taxable surplus of Kinta Kellas Rubber Estates advanced to £666,684 for the year ended March 31, 1980, compared with £564,276.

Earnings per 10p share are shown as 7.15p against 7.07p, and the dividend is stepped up to 3.5p from 3.25p, with an unchanged final of 3.5p.

Profits included the associates' share of £10,335 (£7,745) and were subject to tax of £371,355 (£282,074), which left the net surplus at £295,329 (£292,202).

There were exchange losses of £18,471 (£4,426) and after dividends of £208,563 against £185,906, the amount retained was £70,285 compared with £101,870.

Midyear dive at Jamesons Chocolates

FOLLOWING ITS warning in May on outlook Jamesons Chocolates reports a slump in taxable profits from £210,000 to £70,000 for the half year to June 30, 1980. However, the company says that orders now being received indicate an improvement in trade in the second six months.

First half sales dipped from £3,050m to £2,730m. As known, trade both at home and overseas for the company had been poor. After tax of £36,495 (£109,200) the profit decline was from £100,900 to £33,688, but the net dividend is being held at 1p per 10p share. Last time a 4p total was paid from a surplus of £0.82m.



With more than 1000 branches, offices and agencies in Canada and 45 other countries, Scotiabank is very much a world bank.

And we're a large one at that: our assets exceed C\$40 billions. Since 1889, when our international banking began, we've grown into the modern global network we are today. In fact, we've opened in 17 countries in the past 5 years alone.

Scotiabank's experience can be invaluable when you need

advice on a set of complex tariff regulations.

Our organization is essential when you require instant decisions in a rapidly-fluctuating currency market. And our size is imperative for large-scale financing in today's international trade.

If you have a business that takes you abroad, find out the advantages of a truly world bank: Scotiabank.

We'll make you feel right at home around the world.

Scotiabank THE BANK OF NOVA SCOTIA

Regional Office, Europe, Middle East and Africa: 12 Berkeley Square, London W1X 6BU. Telephone 01-491 4200. Telex 28319. General Office: 44 King Street West, Toronto, Ontario, Canada M5H 1K2.

Antigua, Argentina, Australia, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, Canada, Cayman Islands, Channel Islands, Dominican Republic, Dubai, Egypt, France, Germany, Greece, Grenada, Guyana, Hong Kong, Indonesia, Ireland, Jamaica, Japan, Lebanon, Malaysia, Mexico, Netherlands, Netherlands Antilles, Norway, Panama, Philippines, Puerto Rico, Republic of Korea, Singapore, St. Lucia, St. Vincent, Trinidad and Tobago, United Kingdom, United States, Venezuela, Virgin Islands (B.V.), Virgin Islands (U.S.).

COMPAGNIE FRANÇAISE DES PÉTROLES

TOTAL Group - Compagnie Française des Pétroles in 1979 General Shareholders' Meeting of June 26, 1980

- Large increase in cash flow;
- Notable drop in debt-to-worth ratio;
- Improved dividend;
- Increased investments in oil exploration, coal and uranium.

In his address, the President, Mr. René GRANIER de LILLIAC, noted that due to current developments in the crude and oil products market worldwide as well as to limited production margins in a certain number of oil producing countries, both in Europe and the Middle East, 1980 will doubtless present a different face from 1979. Under these conditions, while the first half will doubtless be marked by satisfactory economic results, any forecast for the year as a whole must remain uncertain.

The Company will maintain its efforts to retain access to sufficient resources from its traditional suppliers while contributing to increase its mining acreage in new zones. At the same time, it is significantly developing its interests in coal and uranium without forgetting solar energy.

Throughout his speech, Mr. GRANIER de LILLIAC emphasized the capacity for adaptation and renewal evidenced by Compagnie Française des Pétroles during the years of crisis, and which are the guarantee of a dynamic future.

Development of the Group's financial resources:

This was the principal element marking the year 1979.

Net cash flow — that is excluding inventory incidence of 3.8 billion francs — rose to 6.6 billion francs compared with that of 1978 (3.3 billion francs), a year in which the inventory incidence was negligible. This increase indicates the improvement in 1979 in the production subsidiaries' operating results as well as in refining and marketing margins. Net Group earnings were 2.4 billion francs compared with 0.45 billion francs in 1979.

Tonnage of oil at the disposal of the Group in 1979: 70 million tons, showed a slight decrease compared to 1978 (-2%). The sizeable increase in sales — which rose from 56 to 73 billion francs — is explained in reality by the crude oil price hikes.

Dividend = 15 francs per share:

The improved results of the parent company in their turn (0.97 billion francs in 1979 compared to 0.24 billion francs in 1978) made it possible to sharply increase the return on capital. Thus the dividend has been increased from 10 to 15 francs for the 26 717 255 shares making up the nominal capital. To this must be added the 7.50 francs tax already paid to the Treasury, which brings the total yield per share for 1979 up to 22.50 francs.

A more ambitious investments policy:

These increased financial resources have enabled the Group to substantially develop its current investments, especially in the field of oil exploration, the development of new sources of energy and the adaptation of refining units.

In 1979, gross investments amounted to 3.9 billion francs, 55% of which went into the "exploration and production of oil and gas" sector. New exploration permits were obtained in France, the North Sea, Italy, North Africa, Sudan, Angola, Egypt and Cameroon. The discoveries made in the two latter countries should be noted.

The agreements signed with China may be said to be leading CFP towards new horizons. In 1980, investments will amount to 6 billion francs. As such they correspond to a dual strategy on the part of the Group: an increased effort in the field of oil exploration, as well as diversification into non-petroleum energies. Thus money spent on oil exploration alone will nearly double (rising from approximately 0.7 to 1.3 billion francs) while that spent on the coal-uranium sector will more than triple (112 to 380 million francs).

Some figures for the Group in 1979:

Sales	73.5 billion francs
in France	31.1 billion francs
abroad	42.4 billion francs
Net cash flow	6.6 billion francs
Net Group Earnings	2.4 billion francs
of which CFP share	2.0 billion francs
Gross investments	3.9 billion francs
Dividend per CFP share	15 francs
Tax already paid to the Treasury	7.50 francs
Total yield per share	22.50 francs

* That is excluding estimated inventory incidence

Dividends will be paid out on Tuesday, July 1, 1980.

The booklet "Compagnie Française des Pétroles and the TOTAL Group in 1979" may be obtained on request, in both English and French, from

Secrétaire Général — service "Diffusion" 5 rue Michel-Ange — 75781 Paris Cedex 16.

Companies and Markets

UK COMPANY NEWS

Watson & Philip falls

TAXABLE PROFITS of Watson and Philip, foodstuffs distributor, fell from £400,000 to £279,000 for the half year ended April 25, 1980, on turnover ahead at £34.03m against £32.29m.

State earnings per top share are down from 2.3p to 1.6p but the interim dividend is maintained at 1p net—the directors are confident that the profit set-back is only temporary and forecast an unchanged final payment of 2p.

Pre-tax surplus for the whole of last year was £780,000. The directors state that while trading prospects for the rest of the year are not generally favourable, with costs rising faster than prices, a better contribution from the new operations can be expected as the first half was, as anticipated, affected by non-recurring costs.

Urgent action is also being taken to contain overheads against the background of a sluggish national economy, they add.

The acquisition of Scott's Self-Drive Hire, in April, and Cran-

ston Horsburgh of Keswick, should have a beneficial effect on the second half of the year, the directors say.

First-half tax took £145,000 (£208,000) leaving a net profit of £134,000 compared with £192,000.

New Court advances to £0.5m

An increase in pre-tax profits from £217,000 to £500,000 is reported in the continuing operations of New Court Natural Resources, unquoted oil services group, for the year to March 31, 1980. Profits of the Expro subsidiary, sold during the year, were down from £325,000 to £258,000, making a total pre-tax figure for the group of £758,000 against £542,000.

At the interim stage group profits were £372,000 against £287,000 previously.

There was a tax credit for the year of £22,000 (£59,000 charge), leaving a net surplus of £780,000 (£483,000). Available surplus is £522,000 (£446,000).

The dividend for the year is lifted from 0.55p to 1p net. Earnings per share are given as 3.68p (3.23p).

The company says a valuation of the group's oil and gas interests at March 31 is approaching completion and is expected to show a very substantial surplus over book value.

MINSTER ASSETS

Minster Trust has ceased to act as secretary to its parent company, Minster Assets. The new secretary of Minster Assets is Mr. A. E. Ward who also continues as secretary of Minster Trust.

Philip Harris slides £0.7m

AFTER BEING only just to profit in the second half, Philip Harris (Holdings), scientific apparatus manufacturer, reports profits for the year to March 31, 1980 down from £1.5m to £1.08m. At halfway the pre-tax figure was £371,714 against £479,230.

Turnover for the year fell from £13.81m to £11.95m. The group says its science educational companies were badly affected over the year by the absence of any large export contracts. Some export difficulties and delays are being overcome, however, and the current year should benefit from contracts now in train.

The directors are optimistic despite the economic environment and market recession, and the net final dividend is lifted from 3.55p to 4.05p, making a total of 5.5p (5p).

There was a tax credit for the year of £562,165 and the attributable balance is £464,060 (£592,000).

£413,698 (£326,637). After tax of £140,983 (£113,280) earnings per 25p share are shown as 6.52p (4.85p).

A final dividend of 4.1p (2.99p) marks the net total for the year 6.35p (4.74p). When announcing the interim payment, the directors forecast of total of not less than 6p.

The net asset value per share was 125.3p at the year end, compared with 128p at May 31, 1979.

Braithwaite Engineers nears £1m

TAXABLE PROFITS of Braithwaite and Co. Engineers, structural steelwork group, rose over the year to March 31, 1980, from £268,712 to £976,627, although turnover dropped from £10.47m to £8.79m.

At halfway the company reported pre-tax profits of £542,000 (£318,000) and was expecting similar in the second half.

Taxation for the year took £494,000 (£255,500).

There was an extraordinary credit of £476,703 (nil) on the sale of freehold; stock relief was nil (£27,943) and there was a debit on the cost of works closure of £107,908 (£863,500).

The final dividend is raised from 2.68p to 3p, making a net total of 7p (4.87p). Stated earnings per £1 share are 17.6p (10.5p).

First-half downturn for NCR

ATTRIBUTABLE profits of NCR, the wholly-owned business systems subsidiary of NCR Corporation of the U.S., fell from £2.13m to £1.48m in the first half to May 31, 1980.

The surplus is struck after all charges, including tax of £1.67m (£2.98m). Earnings are shown as 17p (25p) per share.

Turnover went ahead from £37.59m to £45.19m and the board states that although incoming orders are affected by the current low level of economic activity in the UK, they are at a higher level than last year. With cost reduction efforts being made, they expect a satisfactory trading result for the second half.

In the last full year, the attributable surplus was £5.64m.

Ratners increases 34% and makes fair start

PRE-TAX profits of Ratners (Jewellers) rose by 34 per cent, from £2.56m to £3.44m, for the year ended April 5, 1980, on increased sales excluding VAT of £23.51m, against £19.31m.

When reporting improved mid-term profits of £684,309 (£584,891), the directors said the third quarter had been considerably helped by good Christmas trade, and they looked forward to the full-year outcome with confidence.

Mr. L. M. Ratner, chairman, now says sales have got off to a moderately fair start in the current year. However, last year's pre-Budget surge in sales, with the later fall-off, makes comparisons difficult.

The net total dividend is effectively raised from 1.541p to 2.3p, with a final 1.63p. Earnings per 10p share are shown ahead to 10.49p (7.94p). The tax charge of £328,000 (£200,000) is reduced by £1.59m (£1.21m) for timing differences which the directors believe will not be reversed in the foreseeable future.

UK sales expanded by 22 per cent to £22.57m (£18.46m), net of VAT, and the group's market share continues to grow. Ten branches were opened during the

year and all are trading satisfactorily. Since the year-end, a branch has been opened in Perth and a shop in Macclesfield is being fitted out.

The period has seen an unprecedented level of shop improvements with the object of preparing the business for more difficult trading conditions, the chairman says. The directors are confident every effort has and is being made to meet the demands of the High Street trading scene.

Trading losses of the Ratners Nederland BV subsidiary were cut from £193,000 to £88,000 including £32,000 exchange losses, and the directors believe the group now has a more secure base from which to go forward in that country.

The Jadales manufacturing subsidiary expanded with the growth of the retail business, while Mondales, the wholesale

company, streamlined its operations.

comment

Supported by price reductions early in the year and general enthusiasm for precious metals, Ratners increased sales by a quarter during the second half with around three quarters of the growth coming from established branches. The higher volume helped to push net margins up to a dazzling 19.2 per cent, the other main contributor being substantial loss elimination in the Netherlands. The rise in bullion prices obviously did the company no harm and it was not slow to build up stocks. Last year, it turned averaged sales over less than twice compared with 2.2 times in the prepared for 2.2 times in the previous year. The depressed summer spending climate does not appear to be hitting Ratners too hard and it is pressing on with branch expansion. The balance sheet remains strong and if the group can maintain its present return on capital of over a quarter, it should easily justify the multiple of 6.5 times stated earnings offered by yesterday's 3.6 per cent. The yield is

Powell Duffryn investment plans

WITH the first benefits of recent capital investment being reflected in results for 1979-80, Mr. C. S. Aston, chairman of Powell Duffryn is confident this will continue in the areas where the group's expertise predominates.

Last year, capital expenditure exceeded £20m as plans for this engineering, shipping, environmental services concern's longer-term expansion continued to be implemented.

The directors state that debentures and other loans rose to 28 (15) per cent of shareholders' funds—£28.28m (£15.02m) and £102.96m (£99.01m) respectively—which still allows "adequate flexibility for the future."

The rate of overseas expenditure, in the current year, is expected to decline and, apart from new loans to finance two ships on order, term borrowings are not expected to show much movement.

The directors add that the group's UK cash resources remain strong, and with established short-term bank facilities there is confidence that current year needs are well provided for.

Expenditure last year included over £3m on the new bulk liquid storage terminal in Sydney, tralla: expansion of the terminal absorbed £2.5m; the acquisition of the minority shareholding in BHR for £7m; and the acquisition of Southwest Pipe and Supply Company for £1.5m, with further payments up to £1.7m in aggregate related to future profitability.

Future capital expenditure amounted to £13.69m (£9.01m), of which £10.71m (£6.7m) is contracted for but not provided in the accounts.

As reported on June 26, on turnover up from £396.2m to £440.8m, pre-tax profits for the

year ended March 31, improved to £15.88m (£12.18m) and the dividend is increased to 12.25p (11p) net per share.

On a C.A. basis the surplus is reduced to £7.2m (£4.7m) after adjustments for depreciation £4m (£3.7m), cost of sales £5.3m (£4.1m), monetary working capital £0.5m (£0.4m), less gearing £2.1m (£1.6m).

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Meeting, The Dorchester, Park Lane, W., August 6, noon.

industry as a whole facing a very difficult year.

As announced on June 12, pre-tax profits of the shirt, tie, and knitwear manufacturer for the 13 months to January 31, 1980, advanced to £401,448 from the £276,700 for the previous year.

The current year will be largely spent developing the acquisitions of Lloyd Menswear, from which a modest aggregate net profit is looked for in 1980, and Waverley Overalls, which deals in protective clothing—a potentially large growth area for the group.

The Board's policy is to continually improve the group's products and competitiveness in order to expand. With this in mind, Mr. Barden believes that with the company's flexible attitude and competent management the future of the group remains good and is well set to take full advantage of a recovery log market.

Shareholders' funds rise during 1979 from £1.7m to £2m but cash and bank balances show a marked reduction from £16.5m to £3.74m. Bank overdraft (secured) increased from £255,698 to £758,741.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Meeting, Lawrence Road, Tottenham, N., July 24, noon.

Associated British Foods

"A year of good growth both in sales and earnings."

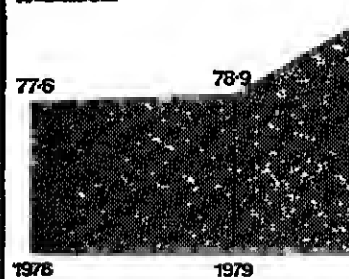
Garry H. Weston, Chairman.

* A good performance by our retail companies, a positive contribution from our baking division and renewed growth overseas combined to give a year of increased sales and earnings.

* Sales in the United Kingdom increased by 17 per cent, and overseas by 25 per cent, in terms of local currency whilst trading profits increased by 32 per cent, and 11 per cent, respectively.

* Our programme of investing in modern buildings, plant and equipment continued with expenditure of £99 million during the year.

PROFIT BEFORE TAX



FINANCIAL HIGHLIGHTS

	1980	1979
£million	£million	£million
Sales	2,145.9	1,822.5
Profit before tax	98.7	78.9
Capital employed	549.2	491.3
Earnings per share	16.95p	14.03p
Dividend per share	3.40p	2.59p

Associated British Foods Limited
Weston Centre, 68 Knightsbridge, London SW1X 7LR

James Finlay & Co., Ltd.
1979 RESULTS

	1979	1978
£000	£000	£000
Pre-tax profits	11,030	12,143
Earnings for Ordinary Stock	5,815	4,917
Earnings per Ordinary Stock Unit	15.2p	14.4p
Net Tangible Assets for Ordinary Stock	68,834	66,983
Net Tangible Assets per Ordinary Stock Unit	180.1p	175.2p
Gross Assets	144,906	137,004

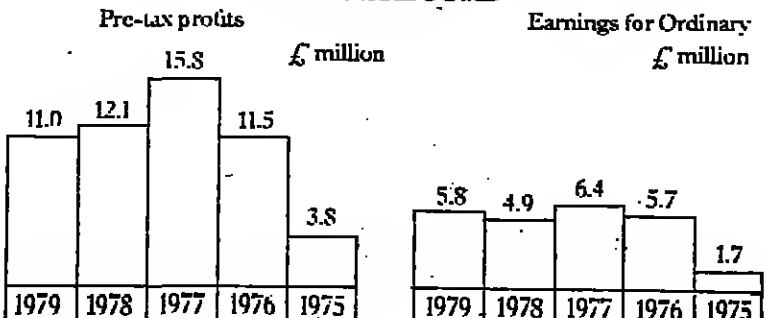
1979 HIGHLIGHTS

- Turnover exceeds £93m.
- Dividend increased to 5.75p per 25p Ordinary Stock Unit.
- Net Asset Value per Ordinary Stock Unit 180.1p.
- Record Results from George Payne & Co. Limited.
- Liquid Resources in excess of £12m.

1980 TO DATE

- New Subsidiary established in Houston, U.S.A., and 43% of Investment Advisors Inc., Houston, acquired.
- Seaforth Maritime orders two new Platform Supply Vessels and expands into Newfoundland.
- North Sea Exploration Investment valued at £4,117,000.

5 YEAR RECORD



EUROPEAN OPTIONS EXCHANGE

Series	Vol.	July	Last	Vol.	Oct.	Last	Vol.	Jan.	Last	Stock
AKZ C	F.22.50	52	0.80	20	1	15	2.80	F.22.60		
AKZ G	F.22.50	5	0.50	20	1	19	1.30			
AKZ P	F.22.50	5	0.50	20	2.50					
AKZ R	F.22.50	5	2.10	20	2.50					
AKZ S	F.22.50	5	2.10	20	2.50					
AKZ A	F.70	2	1.10	13	1					F.69.80
AKZ K	F.65	2	1.10	13	1					
AKZ E	F.80	5	1.50	3	2 1/2					\$56 1/2
AKZ O	F.80	5	1.50	3	2 1/2					\$52 1/2
AKZ C	F.80	10	0.70	5	1	12	5.50	F.59.50		
AKZ P	F.80	5	0.70	5	1					
AKZ R	F.80	5	1.50	1	12.50					
AKZ P	F.70	2	1.50	1	12.50					
AKZ C	F.17.50	10	0.10			5	1.70	F.16.70		
AKZ C	F.17.50	11	1 1/2							\$61 1/2
AKZ C	F.60	70	70	6	6.50					F.65.10
AKZ C	F.70	20	0.80	21	5	4	3.70			
AKZ C	F.80	5	0.30	72	5.50					
AKZ C	F.70	5	0.30	72	5.50					
AKZ C	F.70	5	0.30	72	5.50					
AKZ C	F.80	4	14.50	50	8					
NAT C	F.100	1	11.70							F.111.40
NAT C	F.104.50	1	6.80							
NAT C	F.109.10	1	2.80							
NN C	F.110	6	2	3	5					
NN C	F.120	2		20	1.10	21	3.20			
NN C	F.15			76	3.50					F.18.00
NN C	F.17.50	7	0.60							
NN C	F.20			40	0.50	11	0.60			
NN C	F.22.50			13	13					F.20.20
NN C	F.140			10	28					F.197.30
NN C	F.150	10	17.80	65	18.20					
NN C	F.160	64	7	13	0.80					
NN C	F.170	40	0.50	59	4	2	5.60			
NN C	F.190			10	1.20	10	2.80			
NN C	F.160	100	0.10	131	4					
NN C	F.170	7	3							
NN C	F.110					10	15	F.133		
NN C	F.115			32	2.50					
NN C	F.120			5	14 1/2	6	31	6.50		
NN C	F.125	32	0.70							
NN C	F.105			1	0.80					
NN C	F.115									
NN C	F.180			65	3.40					
Aug. Nov. Feb.										
BA5 C	DM.140	10	1	5	4.50					DM137.80
MMW C	DM.130	10	1	20	5					DM126.50
SLE C	DM.280.50			2	6.50	2	10			DM288.70
SLE C	\$110	10	10 1/2	3	14 1/2	5	11 1/2			\$118.10
SLE C	\$160									
VEB C	DM.140			10	13.50					DM148.80
VEB C	DM.150	5	1.80	12	4.50					
Sept. Dec. Mar.										
GM C	\$45	10	5 1/2							\$46 1/2
GM C	\$50	3	2	10	3 1/2					
TOTAL VOLUME IN CONTRACTS 1642										
C=Call P=Put										

BIDS AND DEALS

31p agreed offer from East for Marshall Cavendish

Times Publishing Berhad of Singapore is making an agreed £4.6m bid for all the shares of Marshall Cavendish, publishers, that it does not already hold at 31p a share.

On June 11, stockbrokers Rowa and Pimman bought 5.5m Marshall Cavendish shares, 27 per cent of those issued, in a "dawn raid" on behalf of Times Publishing, paying £1.38m—25p a share.

Mr. George Amy, chairman of Marshall Cavendish, said at the time that the raid was "a bolt from the blue, and nothing to be pleased about."

Mr. Amy said yesterday that the directors had mixed feelings about the takeover. "It has been a very difficult decision for all of us but we have had to put aside personal considerations and think of the shareholders and employees."

The board of Marshall Cavendish has described the 31p a share bid as fair and reasonable and recommends that all shareholders accept it. The shares, which stood at 17p before the "dawn raid," were trading at 28p yesterday before the bid announcement and then moved up to 31p.

Directors have tendered their beneficial holdings, totalling 351,001 shares, or 1.7 per cent.

Wren Trust, a subsidiary of Gresham Trust, intends to accept the offer in respect of its holding of 2,570,439 shares, approximately 12.6 per cent.

When it acquired its initial 27.1 per cent interest last month, Times Publishing said it was seeking to spread its interests. A leading publishing group in South-East Asia, it achieved a

pre-tax profit in 1979 of £3.7m on a £33m turnover.

It is the local distributor of £500,000 worth of Marshall Cavendish publications, mainly cookbooks such as Good Cooking and New Man and Woman, which are encyclopaedic reference books sold in magazine-size sections.

Marshall Cavendish made £272,000 pre-tax profit last year, the lowest in the company's history, compared with £1.7m in 1978. The commercial television strike last autumn prevented promotion of major products.

The current year has seen a substantial recovery, however, with a £400,000 first-quarter profit level sustained in the second quarter, according to Mr. Amy.

Mr. Amy said he would remain chairman "for the time being" and hoped that other directors would stay, adding that Times Publishing had given them assurances.

He and another director, Mr. F. E. Martin, have reported selling 20,000 and 15,000 shares recently in Marshall Cavendish. Mr. Amy said: "I can tell you that we sold at 28p a share. I guess that makes us look a bit foolish."

Ladbroke's £8.5m Miami development

London and Leeds investments, the property division of the Ladbroke Group is to develop an £8.5m (£20m) offices and shops complex in Miami.

The company has purchased a development site at Coral Gables, the commercial and administrative centre which forms part of the greater Miami district, and intends to construct a 32,000 sq ft shopping plaza, 100,000 sq ft of offices and 300 car parking spaces.

Mr. Kurt Klitstok, chief executive of London and Leeds, said: "This is our second major transaction in the U.S., the first being a joint development comprising an 80-acre office park in Rye, Westchester County, New York."

"We are continuing our search for first class development sites in the U.S. and the UK. We have been able to make great progress in recent years with the financial backing of the Ladbroke Group and this continues to enable us to expand our work, ranging from property developments."

Stanhope Inv. succumbs to Dares

After twice being involved in bid talks in the last two years, Stanhope General Investment Company, the quoted investment trust, has agreed an offer worth £2.58m from Dares Estates, the property investment company and householder.

The terms are £2m cash and/or ordinary shares of 10p for every Stanhope ordinary share. This compares with Stanhope's net asset value of 192p at March 25, 1980. Stanhope shares jumped 40p to 200p yesterday while Dares lost 1p to 19p.

Dares said that the acquisition is in line with its policy of placing more emphasis on increasing its property investment portfolio. It strengthens the group's property investment base and provides available facilities and assets for further expansion.

Dares says that it also considerably lowers the group's gearing. Stanhope's portfolio includes £1.65m of quoted UK securities and a commercial property investment portfolio valued at £1m.

The Stanhope directors have undertaken to procure irrevocable undertakings to accept the ordinary offer in respect of not less than 51 per cent. The ordinary shares will be underwritten by Henry Cooke Lumsden and Co. Preference holders will be offered £1 cash per share.

Stanhope recently announced pre-tax profits of £106,000 against £110,000 for 1979.

With most of its factories currently working short time, the key question for Chloride and its competitors is whether there has been some fundamental change in the market place. Is this industry going the same way as the tyre manufacturing business, which was flattened by the introduction of the motor car?

Chloride insists that its problems are temporary. "The overall life of the battery has not changed significantly in the last five years," says chief executive Mr. John Ray. "Technically, nothing much has changed."

Carlton Industries, which owns Haddon-Oldham — Chloride's main competitor in the UK — says the same. Batteries are lighter and more manageable, it explains, but the basic product has changed very little.

Both companies agree on the main causes of this year's setback. There were the mild winter — there is nothing like a cold snap for knocking batteries out — and high interest rates.

These led distributors to cut back heavily on their stock levels. As a result of the increased costs of motoring, drivers have been waiting for the very last minute to replace their batteries, and a much increased use of home chargers has helped them to squeeze the last drop of life out of the product.

Combined with a sharp fall in demand for original equipment from motor manufacturers, the result has been a build up of surplus inventory across Europe and North America. Price competition has been particularly keen in the U.S., where as a result of recent expansion Chloride now sells as many automotive batteries as it does in the UK.

The industry in Europe is dominated by powerful companies like Varta and GCS, who are not going to throw in the sponge, and although some factories are closing, others are still coming on stream. In particular, General Motors is expected to open a new factory in France around the end of this year, which could bring in another 2m batteries a year.

At the same time, demand for industrial batteries has fallen below expectations. The fork lift truck business moves closely in line with industrial output, and overall demand for motive power batteries in Europe is down by around a tenth against this time last year.

The impact of all this has yet to show through in the published figures of Haddon-Oldham, which reports on a calendar year basis. But profits at Chloride fell by 42 per cent before redundancies costs in the second half of the year to March, and the annual dividend was cut by a third.

Chloride says that cash will be its number one priority in the current financial year, and it will take another two years after that to get the balance-sheet into shape. Net borrowings represented 75 per cent of shareholders' funds in the recently published balance-sheet, which is within the range that the group considers acceptable. But income gearing is too high for comfort, at nearly 40 per cent.

The sharp fall in lead prices will take some of the strain off

● AUTOMOTIVE BATTERIES

Hoping for a cold snap

BY RICHARD LAMBERT

THE AUTOMOTIVE battery industry in Europe and the U.S. is currently being squeezed harder than at any time in the last 25 years. In the first quarter of 1980, replacement sales fell by 21 per cent in the U.S. and over 30 per cent in Europe. Chloride — the world leader in rechargeable batteries — thinks the bottom has not yet been reached.

With most of its factories currently working short time, the key question for Chloride and its competitors is whether there has been some fundamental change in the market place. Is this industry going the same way as the tyre manufacturing business, which was flattened by the introduction of the motor car?

Chloride insists that its problems are temporary. "The overall life of the battery has not changed significantly in the last five years," says chief executive Mr. John Ray. "Technically, nothing much has changed."

Carlton Industries, which owns Haddon-Oldham — Chloride's main competitor in the UK — says the same. Batteries are lighter and more manageable, it explains, but the basic product has changed very little.

Both companies agree on the main causes of this year's setback. There were the mild winter — there is nothing like a cold snap for knocking batteries out — and high interest rates.

These led distributors to cut back heavily on their stock levels. As a result of the increased costs of motoring, drivers have been waiting for the very last minute to replace their batteries, and a much increased use of home chargers has helped them to squeeze the last drop of life out of the product.

Combined with a sharp fall in demand for original equipment from motor manufacturers, the result has been a build up of surplus inventory across Europe and North America. Price competition has been particularly keen in the U.S., where as a result of recent expansion Chloride now sells as many automotive batteries as it does in the UK.

The industry in Europe is dominated by powerful companies like Varta and GCS, who are not going to throw in the sponge, and although some factories are closing, others are still coming on stream. In particular, General Motors is expected to open a new factory in France around the end of this year, which could bring in another 2m batteries a year.

At the same time, demand for industrial batteries has fallen below expectations. The fork lift truck business moves closely in line with industrial output, and overall demand for motive power batteries in Europe is down by around a tenth against this time last year.

The impact of all this has yet to show through in the published figures of Haddon-Oldham, which reports on a calendar year basis. But profits at Chloride fell by 42 per cent before redundancies costs in the second half of the year to March, and the annual dividend was cut by a third.

Chloride says that cash will be its number one priority in the current financial year, and it will take another two years after that to get the balance-sheet into shape. Net borrowings represented 75 per cent of shareholders' funds in the recently published balance-sheet, which is within the range that the group considers acceptable. But income gearing is too high for comfort, at nearly 40 per cent.

The sharp fall in lead prices will take some of the strain off

result has been a build up of surplus inventory across Europe and North America. Price competition has been particularly keen in the U.S., where as a result of recent expansion Chloride now sells as many automotive batteries as it does in the UK.

The industry in Europe is dominated by powerful companies like Varta and GCS, who are not going to throw in the sponge, and although some factories are closing, others are still coming on stream. In particular, General Motors is expected to open a new factory in France around the end of this year, which could bring in another 2m batteries a year.

At the same time, demand for industrial batteries has fallen below expectations. The fork lift truck business moves closely in line with industrial output, and overall demand for motive power batteries in Europe is down by around a tenth against this time last year.

The impact of all this has yet to show through in the published figures of Haddon-Oldham, which reports on a calendar year basis. But profits at Chloride fell by 42 per cent before redundancies costs in the second half of the year to March, and the annual dividend was cut by a third.

Chloride says that cash will be its number one priority in the current financial year, and it will take another two years after that to get the balance-sheet into shape. Net borrowings represented 75 per cent of shareholders' funds in the recently published balance-sheet, which is within the range that the group considers acceptable. But income gearing is too high for comfort, at nearly 40 per cent.

The sharp fall in lead prices will take some of the strain off

Chloride says that cash will be its number one priority in the current financial year, and it will take another two years after that to get the balance-sheet into shape. Net borrowings represented 75 per cent of shareholders' funds in the recently published balance-sheet, which is within the range that the group considers acceptable. But income gearing is too high for comfort, at nearly 40 per cent.

Combined with a sharp fall in demand for original equipment from motor manufacturers, the result has been a build up of surplus inventory across Europe and North America. Price competition has been particularly keen in the U.S., where as a result of recent expansion Chloride now sells as many automotive batteries as it does in the UK.

The industry in Europe is dominated by powerful companies like Varta and GCS, who are not going to throw in the sponge, and although some factories are closing, others are still coming on stream. In particular, General Motors is expected to open a new factory in France around the end of this year, which could bring in another 2m batteries a year.

At the same time, demand for industrial batteries has fallen below expectations. The fork lift truck business moves closely in line with industrial output, and overall demand for motive power batteries in Europe is down by around a tenth against this time last year.

The impact of all this has yet to show through in the published figures of Haddon-Oldham, which reports on a calendar year basis. But profits at Chloride fell by 42 per cent before redundancies costs in the second half of the year to March, and the annual dividend was cut by a third.

Chloride says that cash will be its number one priority in the current financial year, and it will take another two years after that to get the balance-sheet into shape. Net borrowings represented 75 per cent of shareholders' funds in the recently published balance-sheet, which is within the range that the group considers acceptable. But income gearing is too high for comfort, at nearly 40 per cent.

The sharp fall in lead prices will take some of the strain off

ATKINS BROTHERS (HOSIERY) LIMITED

"We must see an uplift in worldwide trade before we see any national improvement"

Mr. D. Styles, Chairman

The following are salient points from the Chairman's Statement to Shareholders:

- Group profits for the year ending 31st March, 1980 amounted to £509,924 (£708,835). Taxation takes £253,904 (£350,912) leaving a net profit of £256,020 (£357,923). On 21st January, 1980, we paid an interim dividend of 1.75 pence per share, and we now recommend a final dividend of 2.9 pence per share.
- Whilst turnover was up by £500,000, profits were down 28 per cent, showing, I regret to say, a substantial decline in our margins. The fact is that we are in the middle of a world depression and competition from abroad is still a problem and a complicated one.
- Meanwhile we continue to keep our plant up to the latest and highest standards of efficiency and versatility with capital expenditure during 1979-80 of £526,000, a record figure for the Company.

Makers of "LUCKY CHARM" Tights, Stockings, Ladies' Underwear and Knitwear.
"HIGH CROSS" Men's and Boy's Underwear, Knitwear and Sportswear.
"JOLYNNE" Ladies' fully fashioned and made-up Knitwear.

"VIMTO"

(Cereal and Compound Manufacturers)

In the year ended 31st March, 1980:

- Pre-tax PROFITS of J.N. Nichols (Vimto) Ltd. rose from £1,274,173 to £1,806,411.
- SALES increased from £6,176,117 to £10,119,948, of which exports amounted to £6,108,231.
- DIVIDEND up from 6.25p to 14p per ordinary share.
- At an extraordinary general meeting following the annual general meeting held in Manchester on 10th July, 1980, the shareholders approved (inter alia):
- The acquisition for approximately £4.1 million of Solent Canners Ltd. of Southampton; and
- A one-for-one capitalisation issue, raising the issued capital of the company to £1 million.
- As a result of these decisions:
- The British & Commonwealth Shipping Co. Ltd. which held a controlling interest of 77.9% of the capital of Solent Canners Ltd. became the largest shareholder in J.N. Nichols (Vimto) Ltd. with 20% of the ordinary share capital, and assuming full conversion of the stock would in due course own 35% of the ordinary share capital.
- Mr. Peter Nichols, Chairman, says: "Providing no unforeseen circumstances arise, I am confident of a steady expansion both in home and export markets during the current twelve months."
- Regd. Office: Leidon Road, Manchester M23 9NL

Tenneco Inc

HOUSTON, TEXAS



1980 is our 34th consecutive year of cash dividend payments

The 1980 third quarter dividend of 60¢ per share on the Common Stock will be paid September 9, to stockholders of record on August 8. More than 232,000 stockholders will share in our earnings.

M.H. COVEY, Secretary

Oil • Natural Gas Pipelines • Construction & Farm Equipment
Automotive Parts • Chemicals • Agriculture & Land Management
Packaging • Shipbuilding • Insurance

NCB PENSION FUNDS LIFT HOLDINGS IN THREE TRUSTS

The trustees of the National Coal Board Staff Superannuation Scheme and the Mineworkers' Pension Scheme have raised their stakes in three investment trusts.

They have bought 1,804,894 ordinary shares in Alliance Trust, bringing their total holding to 4,222,372 (8.57 per cent), while the acquisition of 2,31m ordinary in Lake View Investment Trust raises their stake to 5,46m shares (12.16 per cent).

The trustees of the two schemes have also purchased 2,422,372 ordinary shares in

Drayton Premier Investment Trust. The NCB pension funds now jointly hold 4.92m shares (17.32 per cent).

REVERTEX

Revertex Chemicals yesterday responded to Vate Catto's formal offer to acquire all the share capital not already owned, with a recommendation that Revertex shareholders take no action.

The board of Revertex promised to send a circular to its shareholders, "in the near future."

SHARE STAKE

Silverthorne Group — Unochrome Industries now holds 2.57m shares (16.5 per cent).

B & C GETS 20% OF NICHOLS

Shareholders of soft drinks group, J. N. Nichols (Vimto) have approved the acquisition of Solent Canners. As a result of the £4.1m deal, British and Commonwealth Shipping Company, which held a controlling interest of nearly 78 per cent in Solent, becomes the largest shareholder in Nichols with a 20 per cent stake.

Assuming full conversion of the stock issued under the terms of the agreement, British and Commonwealth's holding in Nichols would eventually rise to 35 per cent. A one-for-one scrip issue of Nichols was also approved.

IMPERIAL GROUP LTD

INTERIM RESULTS

Half Year to 30th April 1980



Statement by the Chairman — Mr. Malcolm Anson

Comparing the first half of this year with the same period in 1979, the Company's consolidated accounts show that —

- Group trading surplus was £73.5 m., an increase of £4.6 m. (6.7%);
- Interest charges rose by £4.4 m. (22.1%);
- Investment income and the Group's share of the profits of associated companies increased by an aggregate £0.3 m. (1.6%);
- Group profit before tax was £68.5 m., an increase of £0.5 m. (0.7%);
- Group profit after tax was £38.0 m., a decrease of £22.9 m. (37.6%).

The modest improvement in trading surplus for the first three months which was reported at the Annual General Meeting was sustained through the second quarter largely because of an excellent performance from our Tobacco Division and higher profits from our Brewery Division. The sale in November to B.A.T. Industries Limited ("B.A.T.") of our 50% interest in Mardon Packaging International Limited is reflected in the lower figure of the Group's share of profits in its associated companies, but this decrease is compensated for by an increase in investment income which is largely attributable to the interest received on

the B.A.T. Variable Rate Loan Notes obtained as consideration for this disposal. Increased interest charges, due predominantly to higher interest rates, eliminated the gains made in Group trading surplus, leaving Group profit before tax virtually unchanged compared with the same period last year. Compared with last year's very low figure, the taxation charge was significantly higher, not least by the provision of £10.3 m., in respect of advance payments of corporation tax not now expected to be recoverable.

To assess the impact of current costs on the reported trading surplus figure of £73.5 m., which has been based upon historical costs, we have estimated the consequences of higher depreciation charges and working capital based upon the recently proposed "Current Cost Accounting" Standard, SSAP16. Our appraisal for the half year shows that these factors would in total represent about £43 m. (1979, £32 m.) of the Group profit before taxation of £68 m. (1979, £68 m.); of these adjustments £11 m. (1979, £7 m.) could be ascribed to that element of the business financed by borrowings, as a gearing adjustment. The aggregate impact of these current cost adjustments would reduce reported Group profit after taxation by £32 m. (1979, £25 m.).

Divisional Review

Helped by heavy pre-Budget buying, the TOBACCO DIVISION's improvement in profitability was even better than that recorded in the first half of last year. In the still expanding king size sector, Lambert & Butler Special Mild King Size was successfully launched in November, and John Player Special King Size, introduced in London and the South East in February, continues its encouraging progress.

The PAPER, BOARD AND PLASTICS DIVISION experienced mixed fortunes which left it with a negligible trading surplus. Demand for lightweight printing papers was weak and, despite remedial measures, our board-making company continued to trade at a loss. While our plastics interests produced better results overall, the downturn in U.K. industrial activity

and pressure on export margins began to affect their performance.

Results from the FOOD DIVISION were markedly below those of the same period last year. In exceptionally difficult trading conditions, losses were still incurred on eggs and chickens in the U.K. and on chickens in the U.S.A. While useful gains were made by some of the Division's processed and convenience foods interests, all of its businesses suffered from greatly reduced demand, especially in the catering market, and various rationalisation steps have had to be taken.

The BREWERY DIVISION increased its trading surplus with improvements being registered in its pubs and off-licences as well as in the free trade; a substantial part of the improvement in trading surplus arose from the changed accounting treatment of income from Harp lager following the reconstruction of the Harp lager consortium. Strong competitive pressure, however, affected volume sales of beer, wines and spirits in all sectors of trade. A decline in tourist traffic to the U.K. showed through in reduced profits from its hotels. Work on bringing the new Berkshire Brewery into full operation proceeded on schedule.

Year to 31st October 1980

With the deepening recession, 1980 will be a disappointing year for the U.K. economy and thus for the Group. Increasingly tighter margins and an overall reduction in consumer demand will make last year's trading surplus very difficult to match; moreover, the higher cost of money is imposing interest charges much greater than those of 1979. It is this worsening outlook which has obliged us to revise our expectations of taxable U.K. profits and therefore to write off a proportion of advance corporation tax. We now have a major presence in the U.S.A. and, while it is too early to make definitive statements, we are optimistic about Howard Johnson Company's performance. Taking all factors into account, however, Group profit before tax is not expected to reach last year's level.

Interim Dividend

The Directors have decided to declare an interim dividend at the same level as that of last year, i.e. 2.75p per share, and this will absorb £19.7 m. (1979, £19.5 m.). Warrants will be dated 31st October 1980 and will be posted to those shareholders who are registered in the books of the Company at the close of business on 1st October 1980.

Summary of Consolidated Results

£ million	Half year to 30th April 1980	Half year to 30th April 1979
Total external sales	1,876.5	1,760.9
Composition of Group trading surplus:		
Tobacco	49.6	39.9
Paper, Board, & Plastics	—	0.6
Food	5.4	12.8
Brewery	18.6	15.7
Effect of foreign currency changes	(0.1)	(0.1)
Group Trading Surplus (after charging depreciation of £23.9 million (1979 £20.1 million))	73.5	68.9
Group trading surplus — as above	73.5	68.9
Interest charges	(24.3)	(19.9)
Group trading surplus after interest	49.2	49.0
Investment income	17.3	12.1
Share of profits of associated companies	2.0	6.9
Group Profit Before Taxation	68.5	68.0
Taxation	(30.5)	(7.1)
Group profit after taxation	38.0	60.9
Minority interests	(0.1)	(0.2)
Extraordinary items	37.9	60.7
Group Profit Attributable To The Parent Company	31.4	119.5
Earnings per share (excluding extraordinary items)		
before taxation	9.5p	9.5p
after taxation	5.3p	8.6p

IMPERIAL GROUP LIMITED

W. D. & H. O. Wills, John Player and Sons and Ogden's; Ross Foods, Buxted Poultry; Golden Wonder Crisps, Smedley-HP Foods, Young's Seafoods; Courage and John Smith's Beers; Howard Johnson Co. (U.S.A.).

FRENCH CHEMICAL RESHUFFLE

CFP demands half of Rhone assets

BY DAVID WHITE IN PARIS

COMPAGNIE FRANÇAISE des Petroles (CFP), France's largest oil group, has publicly demanded an equal share in the basic chemical interests which the State-controlled Elf-Aquitaine is to acquire from the Rhone-Poulenc chemical group under the FFf 1.75bn (\$434m) deal announced on Wednesday.

CFP's demand, based on what officials called the threat of "insidious nationalisation," provoked an alarmed response from Elf-Aquitaine, which had earlier announced its willingness to discuss the deal with CFP before giving its final signature. The two companies have since 1977 been partners in Ato-Chimie, a joint venture bringing together most of their

interests in petrochemicals and major intermediate products. The Elf-Aquitaine management yesterday was clearly upset that CFP should jump the gun by publicising its negotiating stance before talks had been started on the future organisation of the assets being sold by Rhone-Poulenc.

CFP's position is that Elf, if it maintains control of the new chemical interests, would be going against the Government's policy of reducing the state's role.

The French state holds 70 per cent of Elf-Aquitaine and 40 per cent of the voting rights in CFP, which is better known by its group trading name, Total. The Government has said it

wants to cut back its shareholding in Elf.

About half of the Rhone-Poulenc group's extensive interests in petrochemicals and polymers are being sold, partly to the French subsidiary of BP—FFf 100m worth—but mostly to a new company in which Elf will hold 80 per cent and Rhone the remaining 20 per cent.

CFP is therefore in effect asking for a 40 per cent stake in this company, on a par with Elf. Its stance also makes clear that it intends to maintain the 50-50 shareholding structure of Ato-Chimie, should the new interests be brought into that group.

Ato-Chimie makes a range of base chemicals, including ethy-

lene, styrene, propylene and butadiene, and plastic materials including polyvinyl chloride (PVC). These largely overlap with the manufacturing facilities now due to come under Elf's control, which include virtually the whole of Rhone-Poulenc's PVC production cycle and a half share—with BP—in the Naphtachimie petrochemical concern.

The latter was previously 57 per cent controlled by Rhone-Poulenc.

Ato-Chimie's worldwide sales totalled FFf 7.9bn last year of which the French chemical activities accounted for FFf 5.6bn. This is roughly the same as the 1979 turnover (FFf 5.4bn) of the assets which Rhone-Poulenc is selling.

Seat search for partner widens

By Our Madrid Correspondent

FRANCE has expressed an interest in possible participation in the Spanish Seat car company which is currently looking for new partners to replace Fiat. The interest was expressed by M. Raymond Barre, the French Prime Minister, in the course of a one-day visit to Madrid.

M. Barre is reported to have questioned Sr. Adolfo Suarez, the Spanish Premier, over the future of Seat after the decision last May by Fiat not to subscribe further capital in its Spanish associate. The subject apparently was raised again at a meeting between officials of the two countries held in the Industry Ministry which was attended by representatives of the Instituto Nacional de Industria (INI), the Spanish state holding company, Seat's major shareholder.

The French interest is said to have come as a surprise to the Spanish Administration. Renault, Peugeot and Talbot all operate in Spain and INI had hitherto refrained from approaching French companies after the break-down of relations between Fiat and INI.

Seat's most successful contact so far has been with Toyota, and a team of executives from the Japanese company arrived in Madrid earlier this week. This is the second visit by Toyota executives to Seat while INI officials have travelled twice to Japan since the Fiat decision. An INI official described the Toyota talks as "mature."

In this meeting with Sr. Suarez, the French Prime Minister reportedly asked whether Spain had a specific interest in Japanese firms participating in Seat. Senior Suarez is said to have outlined official policy on priorities whereby Spain had expressed greater interest in reaching an agreement with a European car multi-national. INI has maintained contacts with Volkswagen parallel to the Toyota talks.

Electrolux buys German concern

BY WILLIAM DUFFLOR IN STOCKHOLM

ELECTROLUX, the Swedish household appliances group, is acquiring Progress, a West German vacuum cleaner manufacturer, for an undisclosed sum. The purchase will strengthen its position in the German retail market for vacuum cleaners, Electrolux said. The takeover is subject to the approval of German and Swedish authorities.

Progress, a family-owned company, had a turnover of about SKr 260m (\$60m) last year. It produces higher priced cleaners and has 15 per cent to 20 per cent of the German market. It operates two factories in the Stuttgart area and one in France, has an extensive sales network and employs about 800.

Progress also markets a wide range of small electrical appliances which Electrolux described as "an interesting product area" for the Swedish company.

Electrolux sold 5.6m household vacuum cleaners worldwide last year and is believed to be the world leader, ahead of U.S.-based Hoover which does not publish figures for its cleaner sales.

In 1974 Electrolux bought a majority interest in National Union Electric Corporation, a leading household vacuum cleaner manufacturer in the U.S., and in 1976 it took over Tornado, the French vacuum cleaner company.

Electrolux already has two

distribution networks in West Germany, one for door-to-door selling and the other at the retail level.

Sales of all Electrolux products in West Germany, however, totalled only SKr 733m or 4.8 per cent of group turnover last year compared with sales of a little more than SKr 2bn in France and SKr 1.2bn in the UK. It has long been known that Electrolux was seeking to advance its position in the German market.

Last year the Electrolux group turned in pre-tax earnings of SKr 915m on a SKr 15.14bn turnover and has forecast a 10 per cent profit advance in 1980.

Swiss hotel chain to expand by acquisition

BY BRIJ KHANDARIA IN GENEVA

MOVENPICK, the Swiss restaurant and hotel chain plans to double its size during the next five years through acquisitions in North America, Europe and the Middle East.

Despite a slight slowdown in activity, the holding company increased net profit by 7.4 per cent to Swf 3.61m (\$2.25m) in 1979 and raised its dividend from 14 to 15 per cent.

Mr. Ueli Prager, the chief executive, said in Zurich that important changes were being made in the company's decision-making structure. Specific projects for expansion have been

developed for the next five to seven years.

The company runs the largest chain of hotels and restaurants in Switzerland. It also owns restaurants and holds hotel management contracts in France, West Germany, U.S., Canada, Japan and Saudi Arabia. Germany is seen as the main area for future growth.

Movenpick group turnover rose by 7.4 per cent to Swf 404m (\$252m) for 1979. Net profit improved by 22 per cent to Swf 6.13m, having dipped 10 per cent in 1978. Cash flow fell by 5.7 per cent to Swf 20.8m last year.

Preussag sees second-half slowdown

By Our Financial Staff

PREUSSAG, the West German metals, steel and construction company, has seen an improvement in its operations in the first five months of 1980. However, the company does not expect the second half earnings to be as satisfactory.

Herr Gunther Sassmannsbauer told the annual meeting yesterday that the uncertain economic outlook and the weakening metals sector would influence second half results.

However, profits for the year were expected to be satisfactory. Last year group net profits jumped from DM 24.9m to DM 52.1m (\$29.9m).

Dumez buys U.S. group

PARIS—The Dumez group of France has bought a U.S. public works company—Payne Keller of Houston, Texas. Payne Keller has an annual turnover of about \$150m. Terms of the takeover were not disclosed. Dumez, a major French public works and construction group, has orders totalling FFf 6bn () and it expects an increase of 20 per cent in turnover this year from the 1979 total of FFf 2.67bn. AP-DJ

SCHERING'S U.S. EXPANSION

A cautious third effort

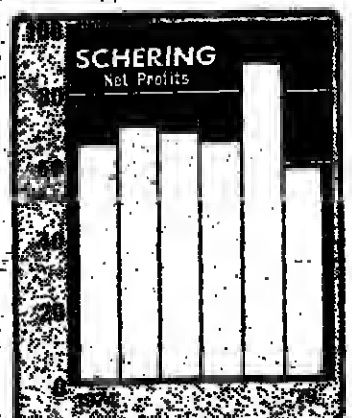
BY LESLIE COLT IN BERLIN

THIRTY FIVE years ago the Schering pharmaceutical and chemical company in Berlin was on its back along with the rest of German industry. Its six factories in Germany were reduced to rubble and whatever remained was carted away by the Soviet Union. The company's 30 foreign subsidiaries were lost along with all foreign patents and trade marks.

At this bleak point Schering and many other German companies applied for and received European Recovery Programme loans under the Marshall Plan. These enabled the company in 1947 to resume production and exports of pharmaceuticals, agrochemicals and electroplating chemicals.

Today Schering's immediate post-war relationship with the U.S. has been reversed. The company has five U.S. subsidiaries which this year are expected to contribute no less than one-sixth of group sales—DM 500m (\$290m) from a total turnover of nearly DM 3bn.

Schering's expansion in the U.S. marks the third time it has entered that market. In 1876 the Schering and Glatz Company was founded in New York as a distributor of the Berlin company's products but was abandoned during the First World War. In 1929 the Schering Corporation was established in New York to distribute pharmaceuticals. However, it was taken over in 1942 by the U.S. Alien Property Custodian and the shares were sold to the public in 1952. Since 1970 this operation has been a division of the Schering-Plough Corporation in New Jersey, which is not connected with Schering AG in Berlin.



U.S. has been cautious and step-by-step, much the same as other German companies. In the early 1950s, after Schering had built new production facilities in West Berlin and West Germany, the company licensed its products to several leading U.S. pharmaceutical and chemical companies.

An affiliate, Berlin Laboratories, was established in the 1960s for clinical research and in 1969 NOR-AM Agricultural Products was founded in Chicago to develop and distribute pesticides in the U.S.

The first post-war acquisition by Schering of a U.S. chemical producer was in 1976 when it took over Nepera Chemical Company in Harrison, New York from Warner Lambert. In 1978 Schering bought the chemical products division of Ashland Oil which it renamed Sherex Chemical Company. In November 1979 it purchased the internal medicine division of Cooper Laboratories and named it Sherex Laboratories.

Herr Karl Otto Mittelstend, chairman of Schering's executive board, said the com-

pany did not expect that its U.S. subsidiaries to yield profits "for some time," and so there was no disappointment because of the lack of returns.

Herr Horst Kramp, the Board member in charge of Schering's U.S. operations, explained that the parent company would continue to invest in its U.S. subsidiaries over the next few years.

"We won't think about returns during this period," he confirmed. However, Herr Kramp said he and his fellow Board members were fascinated by the profit orientation of their U.S. managements. "They want profits right away while we are more for the longer-run approach."

He pointed out that Schering's NOR-AM subsidiary was different from other German-owned companies in the U.S. as it was a marketing organisation for the parent company's agrochemicals. It has field research stations in Illinois, California and Florida which test pesticides newly developed in the Berlin laboratories on crops ranging from tobacco and peanuts to corn and soybeans.

One of the main projects is to develop a defoliant for cotton plants to facilitate machine harvesting. The acquisition of NOR-AM illustrates the company's careful approach to the U.S. market. NOR-AM was founded as a joint venture with Morton-Norwich Products of Chicago and only in 1976 did it become wholly owned Schering subsidiary.

Last year's takeover of Cooper's internal medicine division was motivated by Schering's plan to introduce new pharmaceutical products to the important U.S. market. The company was unable to achieve

this goal through its 50 per cent interest in Knoll Pharmaceutical Company in New Jersey and recently sold its share to the BASF subsidiary, Knoll AG.

Along with the companies, Schering also acquired U.S. executives who largely stayed on with the new owner. At Berlex Laboratories the division head became the new president of the company which expects a turnover this year of \$40m.

Nepera Chemical Company was Schering's first production plant in the U.S. after the Second World War. It is one of the world's leading producers of pyridines and their derivatives which are used in the manufacture of herbicides and pesticides, and had sales last year of \$35.4m.

Sherex Chemical Company is prominent in the field of fatty chemicals and is the leading producer of quats, mainly used in fabric softeners and as lubrication agents by the plastics industry. Sales last year were \$11m.

In February of this year Schering purchased the Chemcut Corporation in State College, Pennsylvania, which produces machinery and equipment for manufacturing printed circuits. All four divisions of Schering now have subsidiaries in the U.S. with their own development and marketing organisations. Only the agrochemicals division does not have production facilities.

Herr Kramp noted that at present Schering was "digesting" its U.S. acquisitions and had no immediate plans for further takeovers. However, he added that if Schering found the right U.S. company with factories producing agrochemicals then it "might be interested."



Mr. Shinbei Konishi, President, Takeda Chemical Industries, Ltd.

Takeda Chemical Industries, Ltd.

Takeda 武田薬品工業株式会社

Report by Mr. Shinbei Konishi, President, for the financial year ended 31st March, 1980.

The Japanese economy has again been affected by severe circumstances; wholesale prices have risen suddenly, the deficit in the current account of the international balance of payments has increased and the official discount rate was raised several times because of the oil situation and the Yen's progressive depreciation. On the other hand, exports recovered and demand increased in the private sector, including personal spending and capital investment, contributing to the continued expansion of the economy.

Under such circumstances, each aspect of our business suffered strong cost pressures due to the steep rise in raw material prices, although a considerable increase in demand was noticed in certain areas. However, we have made exhaustive efforts towards reducing costs and promoting sales in consideration of the increase in demand. New products and exports which increased due to the Yen's depreciation also contributed to our total sales in this period, which reached ¥420,316 million, 12 per cent above the previous period. Recurring profit amounted to ¥48,807 million, and net earnings were ¥16,428 million, after setting aside ¥9,000 million as a reserve for the SMON litigation. All results substantially exceeded the respective amounts of the previous period.

An outline of the business of each division is given below.

Sales of the pharmaceuticals division increased 11 per cent over the previous period as a result of our efforts to provide even more scientific information appropriate to the character of each product and to improve efficiency in our marketing and distribution system. New products introduced during the period "Melysin" (a semi-synthetic penicillin in oral form) and "Benzac Ace" (a cold remedy with seriatopitridase) obtained results beyond our original estimates.

In the food products division, expansion of the market and a positive selling programme steadily increased the sales of seasonings and food additives. As for beverages, where sales competition was particularly keen, we have consolidated and reinforced our production and sales system for future development.

Despite a sharp rise in raw material prices, sales of the chemical products division increased by more than 30 per cent, as a result of increased sales efforts and increased demand for such products as polyurethane for automobiles and a new product "Dumilan" (an adhesive and coating agent).

Sales of the agricultural chemicals division increased with a rise in exports and the contribution of a new product "Rovral" (a fungicide), though domestic demand slowed due to the Government's continuing and accelerating policy to reduce the rice harvesting area. Sales also increased in the animal health products

division, with a contribution by "Monelan" (a feed additive), despite stagnant demand during the latter half of the period.

Total exports recorded an increase of over 30 per cent, as a result of the Yen's depreciation throughout the period and the quantitative increase in chemicals and food products, as well as pharmaceuticals. We also made further progress in cooperating with influential overseas enterprises in the marketing and developing of products. In March, 1980, a joint venture "Takeda-Falek Sales Inc." was established to integrate the distribution of our vitamin bulk products in the U.S.A., which commenced operations in April. Our existing overseas subsidiaries also continued to operate smoothly.

There was increasing demand for working capital as the result of the expansion of our business and increased commodity prices; however, our cash flow was satisfactory during the period as we paid particular attention to efficient capital utilization.

We made capital investments in manufacturing facilities, mainly for new products, and research and energy-saving facilities, which considerably exceeded the total amount of the previous period. All construction work proceeded smoothly.

The above report covers an outline of our business activities for this fiscal period. The economic conditions at home and abroad will become more severe in the future because of the increase in commodity prices and the oil situation. We intend to make every effort to add to our business activities in each area, to develop superior products with a worldwide reputation, and to reinforce and expand our overseas business and to reduce costs, particularly resource and energy costs, so as to strengthen the Company's constitution and improve business results.

Finally, we wish to report on the SMON problem.

In October, 1977, the first settlement was made at the Tokyo District Court with plaintiffs who had taken chiroform preparations of CTBA-GEIGY (Japan) Ltd., and as of 31st March, 1980, settlements had been made between the Company and 1,654 plaintiffs at 16 district courts.

We have lodged appeals with high courts against the judgements issued against the defendants by the Koozawa and 9 district courts. Since January this year, the Tokyo and other high courts have made proposals for settlement and negotiations are currently in progress. We are determined to continue our efforts to solve this issue by amicable settlements.

We hope that we shall be favoured with your continued understanding and assistance.

Hessische Landesbank in Luxembourg

Hessische Landesbank - Girozentrale - is pleased to announce the opening of its wholly-owned Luxembourg subsidiary, which commenced business on July 1st, 1980.

Helaba Luxembourg
Hessische Landesbank
International S.A.
4, Place de Paris
Telephone: 499 4011
Telex: 3295 hela lu

Rainer Kühn
Administrateur
Directeur

Jürgen Völzer
Directeur

Helaba Frankfurt
Hessische Landesbank - Girozentrale



CREDIT COMMERCIAL DE FRANCE
U.S. \$30,000,000 Floating Rate
Notes 1976-1983

For the six months
11th July, 1980 to 12th January, 1981
the Notes will carry an
interest rate of 9 1/4% per annum.

Listed on the Luxembourg Stock Exchange.
By: Morgan Guaranty Trust Company of New York, London
Agent Bank



The Royal Bank of Scotland Limited

U.S.\$75,000,000 Floating Rate
Capital Notes due 1986 to 1994

For the three month period
July 11th 1980 to October 14th 1980
The Notes will bear an
interest rate of 9 1/4% per annum.
Interest payable on October 14th 1980

Bankers Trust Company, London

U.S. \$35,000,000

Texas International Airlines Capital N.V.
Guaranteed Floating Rate Notes Due 1986



Texas International Airlines, Inc.

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period from 11th July, 1980 to 13th October, 1980 has been fixed at 9 1/4% per annum.

On 14th October, 1980, interest of U.S. \$260.59 per Note will be due against coupon No. 8.

J. Henry Schroder Wagg & Co. Limited
Reference Agent



BANQUE DE L'INDOCHINE ET DE SUEZ
US\$40,000,000 Floating Rate Notes 1979-1989

For the six months
10th July 1980 to 12th January 1981
the Notes will carry an interest rate of 9 1/4% per annum and
Coupon Amount of US\$49.75.
Listed on the Luxembourg Stock Exchange
By: Bankers Trust Company, London
Reference Agent

FINANCIAL TIMES SURVEY

Friday July 11 1980

هكزامن الاصل

Private Steel Industry

Opportunities for new links between Britain's private and public steel sectors are likely to follow the fundamental changes in the structure of the British Steel Corporation. Meanwhile, investment in the private sector — which now has a steelmaking capacity of almost 6m tonnes a year — is running at £100m annually.

Sector's output rises steadily

By Roy Hodson

THE PROGRESS of the private sector of steelmaking in Britain, since the bulk of the steel industry was nationalised in 1967, is a lesson that the unlikely can and does happen.

When 90 per cent of British steelmaking, in tonnage terms, was taken into public ownership, the activities left alone were seen by the government of the day as too small to bother about, either too remote from main-line steelmaking activities, or so weak as certain to "withers on the vine," to quote a remark by a contemporary Labour politician.

But since being written off so unceremoniously as an industrial force, that rumour of the British steel industry has doubled its crude steelmaking capacity, has pursued a policy of continuous investment (now running at £100m a year), in sophisticated equipment for new and better steelmaking techniques, and now is strong enough to be able to compete

on equal terms with its big brother, the British Steel Corporation, in all areas of steelmaking where the products turned out by the rival organisations overlap.

With a steelmaking capacity of approaching 6m tonnes a year of crude steel and employing 70,000, the 106 members of the British Independent Steel Producers Association (BISPA) are now rightly regarded in European steelmaking circles as a respectably-sized industry in their own right.

Even that capacity figure does not tell the whole story. BISPA members buy up to 3m tonnes a year of semi-finished steel (mostly from British Steel) for conversion into higher added value products. Altogether, the BISPA members sell between 6m and 7m tonnes of steel a year.

The total capacity of the British private steelmaking sector is further swollen by the Alpha works at Newport, South Wales. The owners of Alpha have not yet become BISPA members. But their modern electric arc steel making plant and associated strip mill has a capacity to produce 800,000 tonnes of steel a year. It is a major addition to the private steelmaking sector of the country. It has not yet reached anything like its full potential because of the steel depression. But it is a recent and significant addition to the total range of British independent steelmaking.

Several years of uncertainty for the private steelmakers

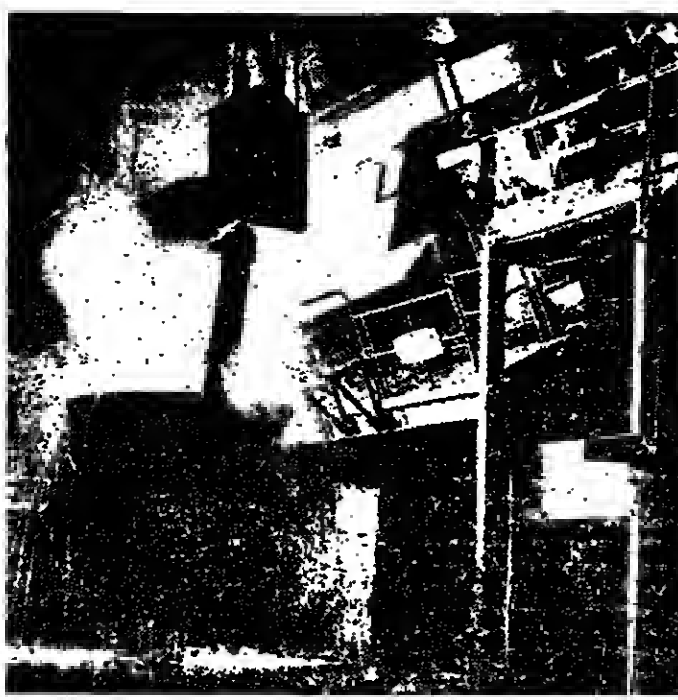
followed nationalisation. There were adjustments to be made (for example the Brymbo works eventually reverted to the ownership of GKN after being nationalised) before the public and the private sectors settled down to till their respective furrows.

Changing course

By the early part of the 1970s, however, British Steel was set upon a course of pursuing bulk steelmaking after the Japanese fashion with a target of expanding to between 30m and 40m tonnes annual capacity for the last 20 years of the century.

The private sector, meanwhile, embarked upon a round of rationalisation in which a number of old family firms — particularly the special steels makers of the Sheffield area — came together and streamlined into units with the strength and capacity to develop in the specialist areas of steel-making which British Steel was tending to ignore. That was the theory behind private sector development in competition with public sector bulk steelmaking. But, in practice, other forces were at work as well which were to have a fundamental impact upon the growth of the private sector. The mini-mill concept had been invented.

Nowadays, the typical mini-mill does not look particularly small and the very term is going out of fashion. These units, with capacities often between 500,000 and 1m tonnes of steel



Liquid steel being tapped from an electric arc furnace at Brymbo Steel Works, which is part of the GKN Group

a year, are being called market mills or commercial mills. Alpha is an example. Sheerness Steel is another. Others in Britain include Bidston, Merseyside, and Manchester Steel, now both owned by the same group. But the basic mini-mill concept has not changed. It is the making of steel by electric arc furnaces, fed by scrap steel in

the main, and linked to efficient continuous casting machines and adjacent rolling mills.

At least eight plants which could be described as mini (or market) mills were ordered in Britain in the decade following nationalisation as companies decided that it would be a profitable steelmaking route to follow. Thus, rather to its corpor-

ate surprise, the private sector found itself developing upstream into new bulk steelmaking capacity to the tune of some 2m tonnes as well as following its original inclination to develop downstream with the production and conversion of high-value special steels.

Some of the mini-mills were built to provide specific supplies of steel for engineering and steel products groups on an "in-house" basis. Others, however, were built to compete in the market with British Steel and other big European producers. By and large they have succeeded in their chosen market sectors.

One result of the private sector's willingness to merge and amalgamate to meet the pressures of the times together with its continuing aggressive investment programme is that it has been able to secure full recognition as an industry and has not for many years now felt stifled by the shadow of British Steel.

Since Britain's entry into the Community the two arms of British steelmaking have worked together more closely at commercial and technical levels. They often share a "British view" in European debates.

But, equally, they make it clear to fellow Europeans that there are two British steel industries. In Eurofer, for example, which is the "club" of the EEC steelmakers and can be described as an open cartel arrangement, the practice is to have one member to represent

each nation. But Britain is represented jointly by the chairman or chief executive of British Steel and Mr. Alec Mortimer, the director general of BISPA.

British Steel and BISPA also send representatives to sit side by side in the European Coal and Steel Community consultative committee.

The recent three-months steel strike robbed British Steel of its last slim hopes of keeping the business together in something like the shape and form of the first 12 years of nationalisation. It may be cut down to only about 12m tonnes capacity. The fundamental changes that will be taking place in the structure of British Steel during the coming years will also profoundly influence the course of the private steelmaking sector. Already, purchasers of semi-finished steel from the corporation for re-rolling and other finishing are looking anew at their positions. If British Steel cuts back production further they may have to rely more upon imports or change the pattern of their operations.

Growth areas

Meanwhile, the private sector will be in a position to make a greater overall contribution to Britain's steel needs in the products it makes in competition with the state sector. It also will continue to develop in specialist growth areas such as steel for aerospace, petrochemicals, tool steels, etc.

The changes at British Steel offer opportunities for new links

CONTENTS	
Future trends	II
Labour relations	II
Production figures ...II, III, IV	
Sheffield producers	III
Continental steelmakers	IV

between the public and private sectors of steelmaking. The embarrassing surplus of modern wire rod capacity in Britain may lead to a model arrangement for the future. GKN and British Steel have been discussing a joint rationalisation plan for many months. They could also involve Templeborough Rolling Mills jointly owned by British Steel and Bridon.

If British Steel decides to shed some reasonably modern steelmaking and finishing capacity the natural first customer for potentially viable plants will be the British private sector. Also, the potential of the private sector for forging new links with overseas companies should not be overlooked.

There are a number of attractions for other ECSC steelmakers in having bigger interests in Britain through existing British companies. Equally, some British private steelmakers may be attracted by better access into Continental markets through companies already operating there.

A red hot service for steel products from Cardiff.

GKN is the largest independent steel maker and re-roller in the U.K. We aim to keep it that way too, which is why we've recently spent over £50m on modernisation and new facilities.

We've also got one of the biggest ranges of products. It includes wire rods, cold rolled strip, high yield steel bars for concrete reinforcement, merchant bars and sections.

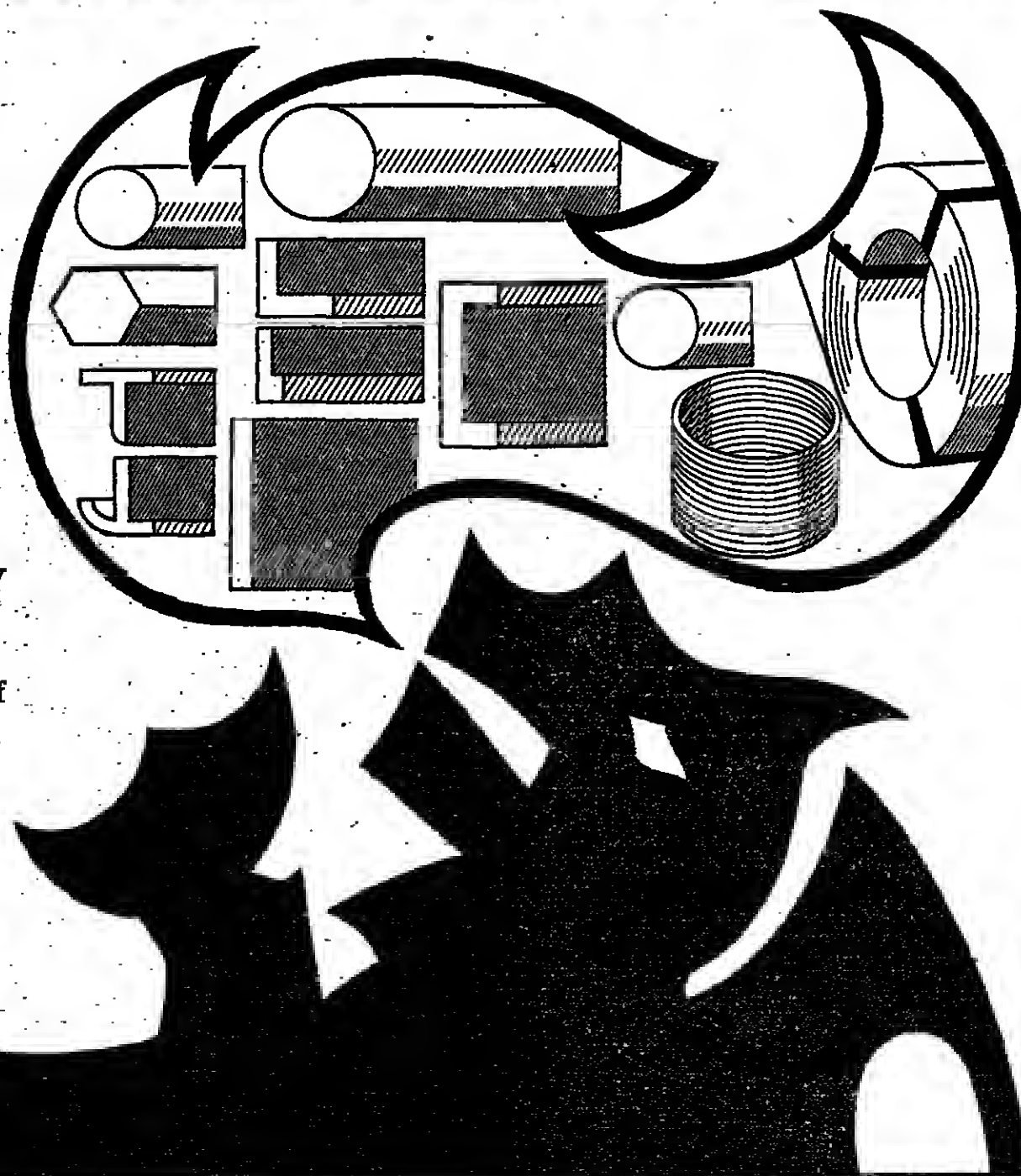
We back the range with a pretty remarkable service too. Remarkable, because we're big enough to supply the quality and quantity you want, when you want it. But lively, and Welsh, and dedicated enough to give you friendly personal attention all along the line.

Please contact us if you'd like more details. We'd like to breathe a little Welsh fire into your production line.

Tremorfa Steel Works

The steel we make at Tremorfa goes exclusively to GKN rolling mills in South Wales, thus ensuring continuity of supply and a tight control of quality from furnace to rolling mill.

Production capacity is 400,000 tonnes a year of high quality continuously cast steel. Our plant, which came on stream only 4 years ago, at a cost of £20m, is having another £1m spent on it in 1980 to ensure it stays in the forefront of technical development. The technical excellence of Tremorfa Steel is unsurpassed, thanks to our in-depth knowledge and experience of continuous casting techniques.



Castle Rod Mill

600,000 tonnes a year of the finest wire rod and coiled bar. Sizes from 5.5mm to 28.5mm for forging, cold heading, welding, leaded and free cutting.

Fifty years experience in rolling, coupled with today's high technology gives our customers the quality products they need, combined with service second to none.

Bars and Sections

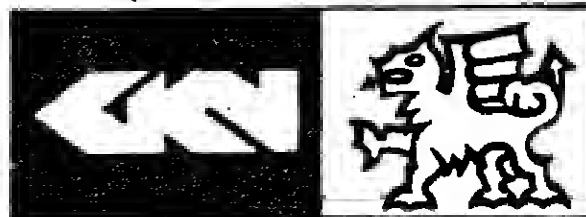
We make rounds from 5.5mm to 50mm in alloy, forging, Ledloy, freecutting, High Tensile, Carbon and Mild Steel.

Also Channels and Flats to BS 4360 43A from 25 x 25 x 3mm up to and including 100 x 100 x 12mm in mild, high tensile or carbon steel, Special Sections in accordance with customers' specifications, Mild Steel Deformed Bar for twisting and High Yield Deformed Bar in stock lengths; also cut and bent to customers' schedules.

Cold Rolled Strip

Our size range is 12mm to 500mm wide and 0.3mm to 3.5mm thick. Normal specifications to British Standard 1449: Part 1: 1972; Din 1624. Mild Steel, Rimming & Killed Steels, Specialist Balanced Steels up to .25% Carbon, Free cutting and High Tensile strapping. All these in Soft, 1/4 Hard, 1/2 Hard, 3/4 Hard, Hard and Fully Hard tempers, and in Bright, Matte, Electro-galvanised finishes (planished or passivated if required).

GKN (South Wales) Ltd. Cardiff



Independent British Steel at its best.

Sheerness Steel is spending £20,000,000 on quality improvements.

Over the next 3 years Sheerness Steel is investing £20,000,000 to increase output and further improve product quality on carbon and carbon/manganese steels for forging, bright drawing and wire drawing. Contact us at the address below for further details. Sheerness Steel Company Limited, Sheerness, Kent ME12 1TH. Telephone 07956 3333. Telex: 965 764.



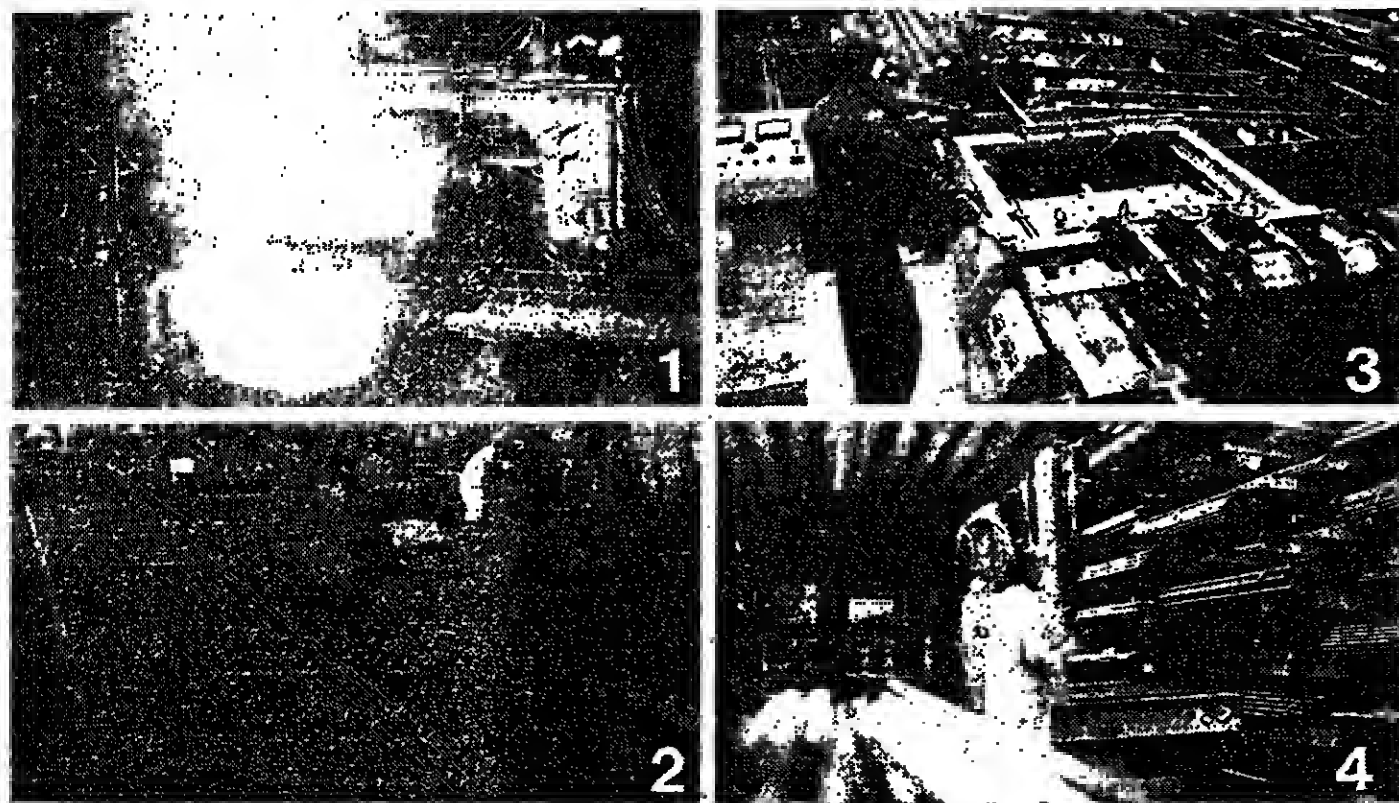
J. B & S. LEES LTD.

Trident Steel Works
Albion Road, West Bromwich, West Midlands B70 8BH
Telephone 021-553 3051/8 Telex 336501
HOT ROLLED STRIP AND FLAT BARS
COLD ROLLED MILD AND CARBON STEEL STRIP
HARDENED AND TEMPERED STRIP
METAL CUTTING BANDSAW STRIP
BI-METAL STRIP FOR METAL CUTTING
BANDSAWS, HOLESAWS AND HACKSAWS
ALSO PICKLING AND OILING SERVICES FOR COIL, SHEET AND STRIP.
A MEMBER OF COPE ALLMAN INTERNATIONAL LTD.



THE DUPORT STEEL COMMITMENT.

QUALITY · SERVICE · RANGE · FLEXIBILITY



In today's impersonal world, it is reassuring to know there is a company that is totally committed to keeping its customers satisfied. A company whose enormous capabilities and interlinked facilities are geared towards the manufacture and supply of an extensive range of top quality steels to the automotive and general engineering industries, and whose service is still friendly, efficient and flexible. That company is Duport Steels Limited.

1. Duport Steel Works

Britain's leading independent quality steelmakers. We have invested £35m in electric arc steelmaking and complementary quality control and billet finishing plant to provide consistent quality and a wider and more flexible range of steel specifications. We are the U.K.'s only private sector producers of leaded free cutting steels for machining as well as specialising in case hardened steels and supply an extensive range of carbon and low alloy qualities.

DUPORT STEEL WORKS
P.O. Box 1, Llanelli, Dyfed SA15 2SS
Tel: 05542 4331. Telex: 48317 DUPORT G

2. London Works Steel

One of Britain's largest re-rollers of quality steels in the private sector, supplying a wide range of carbon and alloy steels in bars and sections to U.K. and international specifications for bright drawing and machining, forging, cold heading and cold forming. LONDON WORKS STEEL COMPANY.
Tipton Road, Thivale, Warrley, West Midlands B69 3HU
Tel: 021-557 2871. Telex: 338303 DISCO G

3. Flather Bright Steels

A major European manufacturer of bright steel bars whose modern facilities and technical expertise in drawing, turning, grinding and heat treatment enables us to supply a comprehensive range of cold finished steel products geared to the needs of industry. FLATHER BRIGHT STEELS
Sheffield Road, Tinsley, Sheffield, S9 1RH
Tel: 0742 449911. Telex: 54282 FBSSHD G

4. Nationwide Steel Stock

Completes the chain of supply from steelmaker to user. The five service centres, strategically based in Leicester, West Bromwich, High Wycombe, Ossett (West Yorkshire), and Helton (Tyne and Wear) can supply black and bright steel bars from stock to customers' own requirements. NATIONWIDE STEEL STOCK
P.O. Box 149, Sheffield, S9 1TD
Tel: 0742 449911. Telex: 54282 FBSSHD G



PRIVATE STEEL INDUSTRY II

Biggest test due in next 12 months

FOR NEARLY a year, both the private and public sectors of British steelmaking have been making a series of analyses of the markets for bars, rods, and sections, and of ways to match the production capacity available in Britain to likely future demand.

GKN and British Steel are at the centre of the project. Both have surplus modern rod production capacity. A number of those involved in the discussions would like to see any rationalisation scheme finally agreed upon carried out in the broadest possible way to embrace all producers in Britain.

If that course is adopted it might mean the inclusion of the Templeborough Rolling Mills jointly owned by British Steel and Briston, and perhaps other private sector interests. The three-month strike by British Steel employees at the beginning of the year and the disruption caused during that period to private sector companies caused delays in the joint investigation. But now a final report is ready as the basis for joint talks.

If agreement is reached it is likely that a joint public-private sector rod and bar company will be formed. It would be by far the most ambitious co-operation attempted by the two sectors since nationalisation.

However, many hurdles still remain. Mr. Ian MacGregor, the new chairman of British Steel, has been briefed on the rod and bar project, but has not yet made his own views public.

As British Steel is virtually bankrupt, GKN is, in effect, negotiating ultimately with the Department of Industry which would have to underwrite any scheme favoured by British Steel. The Government has not yet studied a final scheme.

Approval of the Office of Fair Trading and the European Commission would also have to be obtained if British rod and bar production were concentrated into a smaller number of hands, or even a single company.

Viscount Etienne Davignon, the European Industrial Commissioner is expected to favour the project. It fits in with his ideas about rationalising European steelmaking and is similar to arrangements that have been approved in other Community countries. But objections are likely from members of the Commission who are concerned to avoid any reduction in competition between industrialists.

Unlike British Steel, which is now on its way to chalking up losses of some £2bn over a six-year period, the private sector steelmakers have generally remained profitable. They have shown flexibility to meet changing market conditions.

But they look like facing their most testing time yet during the coming 12 months. The international steel market is very depressed and the strength of the pound is making the export of steel a much more difficult task than hitherto. Mr. Derek Norton, managing director of Hadfields, Sheffield, the Lombo subsidiary, estimates that his company can export 40,000 tonnes a year of special steels with the pound at \$2, but only 5,000 tonnes a year with the pound at \$2.35.

Main worry

A number of private sector steelmakers expect to move from profits to losses during the coming months as they are hit by a combination of poor markets and rising prices. Their biggest single worry at the moment is the rate at which energy prices are rising. Mr. John Paterson, president of BISPA, has written to Mrs. Thatcher drawing attention to that pressing problem.

Some South Yorkshire electric arc operators, who face the prospect of their electricity bills rising by 50 per cent during the year, are threatening to organise a strike against the electricity authorities by refusing to pay their bills. The British Steel Corporation is also taking a strong line against increased electricity charges. It fears that its big electric arc operations which are most concentrated in the Sheffield area will be priced out of the market because of a 30 per cent rise in electricity costs this year.

Faced with dwindling profits, few, if any, British private sector steelmakers are interested in putting money into new steelmaking ventures at this time. That climate of opinion makes it unlikely that the British private sector will act to cushion the run-down of the British Steel Corporation from 21m tonnes a year capacity to somewhere between 12m and 15m tonnes a year capacity. There is no evidence of any British private sector steel company being interested in acquiring and running redundant British Steel plant with the single exception of Hadfields' examination of the Shotton, North Wales, plant.

And even in that instance, Mr. Derek Norton's proposals fall far short of Hadfields acquiring and running Shotton. His current inclination is to run it for British Steel on some form of management contract. That is not a proposal likely to make much impression upon the British Steel Board or the Government. Whatever else British Steel is short of it is not short of experienced middle management to run steelworks.

Although the British private steelmaking sector has distanced itself as far as possible from entanglement with British Steel and, by doing so, has become stronger year by year on its own ground, it is still highly dependent upon the nationalised sector when prices are being fixed.

The usual practice is for the private sector to follow British Steel prices — although, occasionally, the private sector has felt it necessary to act first to secure prices increases it felt vital to its well-being.

The current prices structure leaves no room for the private sector to recoup some of its rising costs during the coming months by increases. The industry is working to British Steel price lists which already are up to 20 per cent above ruling prices on the Continent. The steel prices prevailing in many common market countries — not Britain — are, in fact so

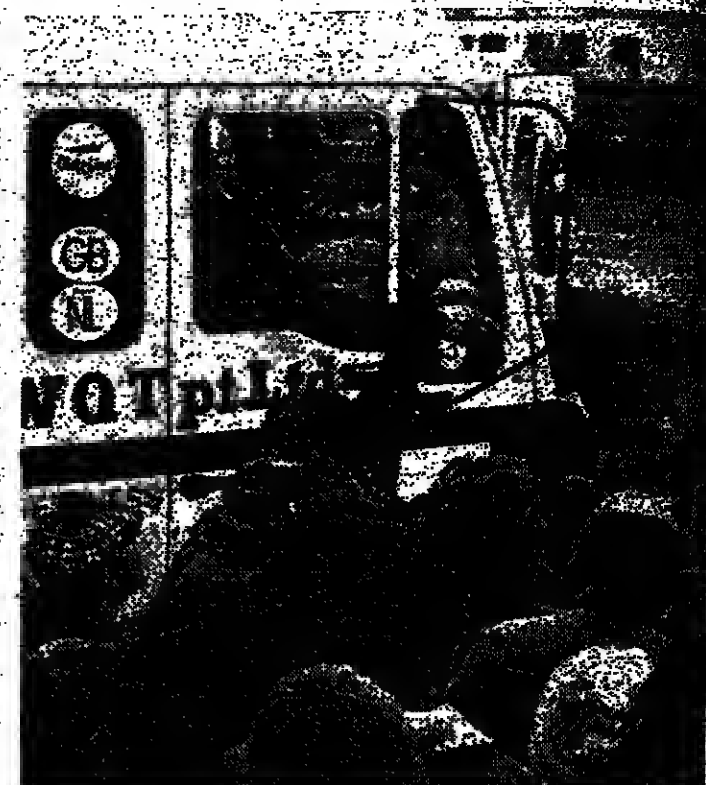
low that they preclude any possibility of making profits. Continental steelmakers are staggering through the crisis by making losses against profitable engineering sectors of their companies, and by a degree of subsidisation by governments in various forms.

There are signs now that the EEC governments are cracking down on subsidies and are putting pressure upon their steelmakers to raise prices to realistic levels. If that movement is sustained it will take some of the strain off the British steelmakers. But there is small chance of a general rise in British steel prices during this year to offset rising costs.

BISPA members have succeeded since nationalisation because they have been able to operate in a market where they have had sufficient freedom to stand or fall by their own commercial decisions.

So the past few years of increasing European protection, and some distortions to free trading as a result of the Davignon plan, have not been altogether to their liking. Independent steelmakers are agreed that the EEC must restore a balance between steel-making capacity and demand in Europe as quickly as possible and then allow a return to market disciplines based on free competition, without subsidy or other distortion.

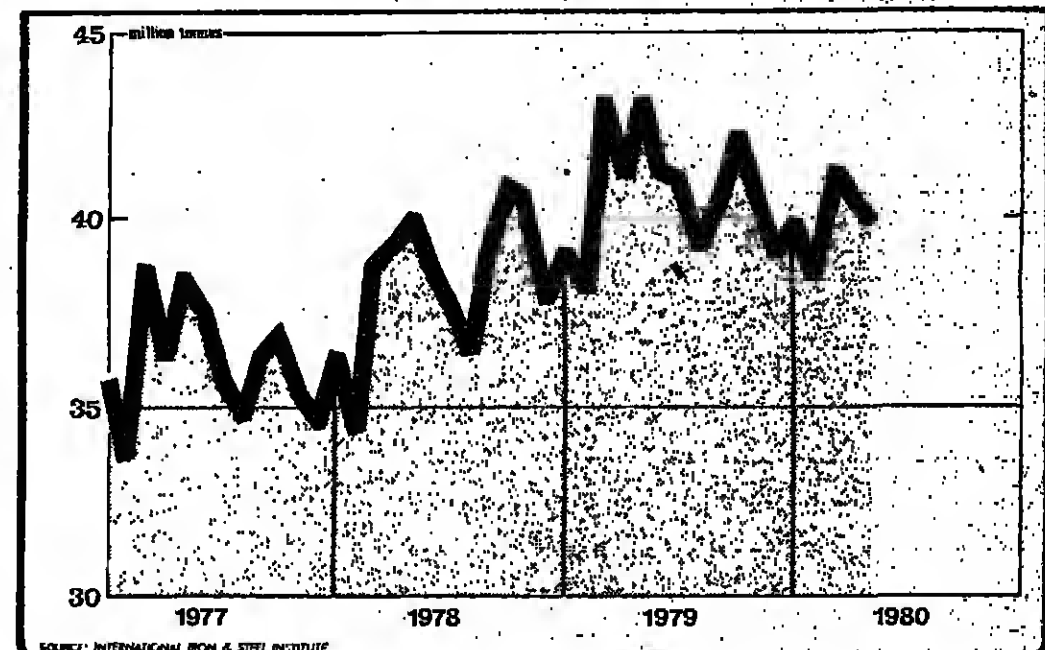
Roy Hodson



Following this year's strike by steelworkers in Britain, there are now signs that the 'legacy of bitterness' is disappearing. Above: a heated argument, during the 18-week strike, between pickets and a lorry driver at Sheerness Steel, the Canadian-owned private steel plant on the Isle of Sheppey.

Pay bargaining shifts down to plant level

CRUDE STEEL PRODUCTION in 29 IISI Countries



To moderate month-to-month fluctuations, figures are charted on a four-month moving average basis. The monthly average for February, March, April and May is noted at the end of March. The actual monthly production figures, from which the four-month moving averages are derived, are as follows (figures in millions of tonnes):

	1976	1977	1978	1979	1980
January	34.4	35.7	36.3	38.1	39.9
February	34.3	33.7	34.4	38.1	38.5
March	34.9	33.7	34.7	43.1	41.3
April	37.5	36.3	39.3	41.1	40.5
May	39.4	38.5	40.0	43.1	39.9
June	37.8	37.6	38.7	41.5	—
July	38.4	35.7	37.7	41.0	—
August	37.5	34.8	36.4	39.3	—
September	38.1	36.3	39.1	40.7	—
October	38.6	36.9	40.9	42.2	—
November	38.8	35.4	39.6	40.4	—
December	35.4	34.7	37.8	39.0	—

Source: The International Iron and Steel Institute, Brussels

WHAT THE British Steel Corporation tried, and largely failed to do this year (despite a 13-week strike), the private sector has succeeded in doing: it has shifted pay bargaining down to plant level.

Well before the strike, the BSC had told the unions that in the light of its enormous losses it wanted the major part of the 1980 wage increases to be earned by productivity improvements in the steelworks. Its letter was virtually ignored. When negotiations opened and the BSC offered 2 per cent only at national level (and up to 10 per cent locally), the storm erupted.

Meanwhile, the largest of the three private sector negotiating bodies, the Independent Steel Employers' Association, had—in a rather better-argued submission to the main union, the Iron and Steel Trades Confederation—made much the same case. And it has succeeded.

For many years before the part-nationalisation of the industry, there had been twister bargaining. Central negotiations concerned themselves only with cost-of-living bonuses and minimum conditions. The real pay increases were negotiated locally by the individual steel companies.

But with the creation of the BSC, the introduction of incomes policies—and perhaps also because of high inflation in recent years—the emphasis was reversed, and the bulk of the steelworker's annual pay increase was derived from a national agreement. Private employers—some of whom have never joined collective machinery—began to complain that bargaining was developing along the wrong lines.

The Steel Employers' Association told the ITC that this trend was encouraging workers to believe that they were entitled to money which had nothing to do with their own or their company's performance. It summarised its case by saying that the private sector was now struggling to survive: that national wage agreements were "pre-emptive" and failed to take into account differences between companies; and that local negotiation would bring home what it called "the economic realities."

Disputes procedure

While abandoning the central negotiation of wages, the ISEA was understandably anxious to retain national determination of working hours, shift pay, holidays and the long-established disputes procedure.

Many members of the equivalent body in engineering, the Engineering Employers' Federation, would like to follow suit—give up national negotiation of minimum rates of pay but hold on to the valuable disputes procedure. For the moment it seems unlikely that they will get their way.

The response of the Iron and Steel Trades Confederation to the cancellation of national bargaining this year has been to keep its side of the machinery alive. The function of this union committee is to establish national minimum guidelines on pay and conditions of service. For 1980, its brief has been to advise on the appropriate size of wage increase—taking the rate of price inflation into account—to establish a minimum earnings level, shift premia and holidays, and to seek a reduction in the working week.

The declared aim is to "safe-

guard national agreements."

Negotiations for the 16,000 workers directly covered by the 1979 central agreement (another 4,000 workers were indirectly covered) have been told by the ITC that they must refer back to the union's national committee any attempted breach of established conditions by a private steel company.

For instance, if a company tried to increase the 40-hour standard week the local negotiator would not be allowed to concede that. Nonetheless, it is likely that the guidelines set down by the national committee would be waived for a company in dire straits.

But by the same token, the union might decide to call its members out on strike against a company that sought to change the guidelines without the endorsement of the ITC committee.

The union is also acting as guardian of the disputes procedure. It has instructed its members that there must be no industrial action or restrictions until procedure is exhausted, and no action without the approval of the union's head office.

The ITC seems to have taken fairly calmly the ISEA's withdrawal from a national agreement that was due to be renewed on April 1. The explanation is that the industry has always had local bargaining, and indeed in the days when the ISEA and the ITC met only every three years to discuss minimum pay and conditions, the actual earnings of the steel-

workers were the highest in the land.

The ISEA is the largest of three bargaining groups in the private sector which in total employs about 42,000 workers. The others are the Midland Iron and Steel Workers' Board (about 4,500 steelworkers) and the Engineering Employers' Sheffield Association—the so-called "Sheffield Shift" (about 5,000 workers).

Although collective organisations these, as their names imply, are really regional bodies. The Midland Workers' Board has itself talked about ending central bargaining, but entered a new agreement in January, raising wages by about 17 per cent and granting an extra day's holiday.

The private sector of course sustained a shock itself during the BSC strike, led by the ITC. Private sector members were called out by the union in support, partly for solidarity, partly because, the union said, its strike against the BSC was to some extent undermined by

the continued working of the private sector.

Although the majority of the private sector workers were loyal to the union, there were divided loyalties; indeed for some weeks the publicity surrounding this aspect of the dispute was enormous—the picketing of private plants, especially in South Yorkshire and the isolated Sheerness plant in Kent, and the legal action brought against the union by Duport Steels and others.

There are signs that the legacy of bitterness is being dissolved. Nearly 600 ITC members, mostly at Sheerness, were threatened with suspension from the union for their consistent refusal to strike. They are due to present their appeal against expulsion later this month and it will be surprising if the union's national executive does not decide that if the men really want to stay in the union, then they should be allowed to do so.

Christian Tyler

John Williams (Wishaw) Ltd

Established 1866

EXCELSIOR IRON & STEEL WORKS
WISHAW, SCOTLAND ML2 7SU

Manufacturers of:

MS PLATES
DOG SPIKES
CUT STEEL NAILS



WIRE NAILS
WIRE IN COILS
BALING WIRE

Telex 778378 WARDCO G

Tel: Wishaw 72447-4

PRIVATE STEEL INDUSTRY III



The bar mill at Hadfields East Hecla works, Sheffield. The company, one of the largest alloy steel manufacturers in the private sector, is examining a scheme to replace its ingot manufacturing facilities on the East Hecla site by installing a bloom caster in a new building adjacent to the melting shop casting bay.

Sheffield producers face intense competition

NOT TOO LONG AGO, Sheffield's specialist private sector steelmakers could afford to look at reports of a steel recession with something approaching disdain. Their specialisation and quality-conscious approach tended to give them a small but valuable buffer against the worst of any cyclical downturn.

Today, however, the hatches have been battened down. Strong import competition, which has built up over the last five or six years, and the apparently inexorable shrinkage among traditional customers such as the UK motor vehicle industry have made things tough for the one-time aristocrats of the British steel industry.

Sheffield's private steelmakers are quite large by sector standards, and the concentration in the city is still the most intense in Britain. But by world standards, the majority remain small traditional producers. Indeed, one of their own sector officials was, not so long ago, able to dismiss Sheffield in no uncertain terms. Today, he remarked, you could fit almost the whole of the Sheffield private sector steel industry into the waiting room of Paddington Station.

An exaggeration, of course. But it does convey the steady contraction of the industry, either through mergers, or closures—often both. Nevertheless, Sheffield and neighbouring areas of South Yorkshire still produce the bulk of Britain's special steel, both in public and private sectors. In terms of quality and metallurgical back-up, the region is still a major force, even if it has lost ground to overseas competitors in terms of aggressive marketing, and the price/delivery factor which is of the utmost importance in any recession.

The private sector in Sheffield specialises in what they call special steels. That means low

volume, high price steels, where quantities are measured in tonnes, rather than thousands of tonnes. These often fall into three main groupings: high speed steel, tool steel, and stainless steel bar. The main customers are the technology industries of today, ranging from aerospace to mechanical and automotive engineering.

The British Steel Corporation is not a competitor in these fields, although it comes into them in certain areas, such as aerospace. Indeed, the only real interface between public and private sector in South Yorkshire is in the field of alloy steel, and here, where Hadfields, the Lomro subsidiary, meets the BSC bulk plants head-on. But this is a field where major customers, particularly the car makers, employ a deliberate policy of second, and even third sourcing, so the atmosphere is not as cut-throat as one might imagine. Prickly, perhaps, especially after this year's steel strike—but seldom hostile.

Special steels

Things could quickly change. One of the first announcements of Mr. Ian McGregor, the new chairman of the British Steel Corporation was that BSC should pay far more attention to the production of what he called special steels. The traditional BSC bulk customers, such as shipbuilding and the motor industry, were declining, he said. New markets and new customers had to be found, if BSC was to recover.

Mr. McGregor himself did not see this as a threat to the private steelmakers. The market was big enough for all capable producers, he insisted. But it sent a distinct shiver through the private sector. It is not so much competition they fear, as the prospect of yet another entry into the market by a "subsidised" or loss-making

producer. Competing with companies who have shareholders and accountants to handle, rather than Governments prepared to take a longer term view.

So far, Mr. McGregor has not spelled out in detail what he intends to do about special steels, and apart from odd exercises, such as the rolling of stainless steel bar at the highly modern BSC Thryhergh mill—purely a rolling exercise, BSC have said—and a modest entry into the re-melted steel market at Stocksbridge, the Corporation have stayed out of previously sacrosanct private sector areas.

No, the real aggravation has come because of fast growing imports of special steel, often from EEC producers, at what the private sector insists are either dumped, or heavily subsidised prices. These imports have taken a commanding share of the UK market, entering the tool, high speed and stainless bar areas. In some cases, this market share has exceeded 60 per cent.

In traditional Sheffield pattern, private steelmakers have been unable to reach entire agreement on what should be done about such blatant incursions into the British market. There have been calls for import quotas, particularly along the lines of the quota-by-weight system devised, but now abandoned, by the U.S. authorities.

Other UK special steelmakers, led by Mr. Robert Atkinson, former chairman of Aurora Holdings, have insisted that efficiency and low cost production is the only real answer. His aggressive foray into Sheffield special steel has been particularly spectacular. Within a matter of years, he has made his one-time engineering-only group into the UK's leading producer of tool and high speed steel. First Samuel Osborn, and then the merged Edgar Allen

and Balfour Darwin groups came under his control.

Few expect Aurora to continue this policy of acquisition, certainly for the foreseeable future. They have, as group officials privately admit, quite enough on their plates in turning the group steelmaking into the sort of super-efficient unit that is the eventual target.

Despite the problems of the recent years, Sheffield has not stood still, yearning for a past that is never likely to recur. Firth Brown, always a discreet giant of Sheffield steel, has invested many millions of pounds in production facilities. First came the new melting shop, still a yardstick for sector comparisons, and then, this year, the natural complement, a £12m precision forging plant, with the world's biggest operational automatic forging machine as its centrepiece. With a group demand for steel that remains quite high, Firth Brown can think big.

Traditional rivals

Their traditional rivals, Hadfields, have shrunk considerably since the controversial Lomro takeover, three years ago. With the closure, or sale, of their mainstream forging operations, Hadfields are now primarily alloy steel producers. Despite an era of financial stringency, they have installed water-cooled panels on electric furnaces, and there is current debate about the installation of a billet caster at one, or both, of their two Sheffield sites.

But with the market looking decidedly gloomy for the next year or so, consolidation is certain to be the order of the day in the Sheffield private sector. Only in aerospace, defence and energy is there likely to be any reasonable market buoyancy, and the continuing high sterling levels seem certain to discourage exports.

Most sector companies have at least a foot in a better market, however heavy their dependence on the automotive industry. Johnson and Firth Brown companies, for instance, have valuable aerospace contracts as well as automotive and construction markets. Neepsend have built a strong group interest in home improvement tools—a useful, and often perky standby in any general recession—while Arthur Lee have some energy orders as well as automotive and capital goods markets.

Such insurance policies are certain to be needed. Car and commercial vehicle production seems set to fall over the next two years—perhaps by as much as 30 per cent, and the capital goods market scarcely promises better. The imports will continue, of course, and there is the intriguing question mark posed by the new BSC chairman.

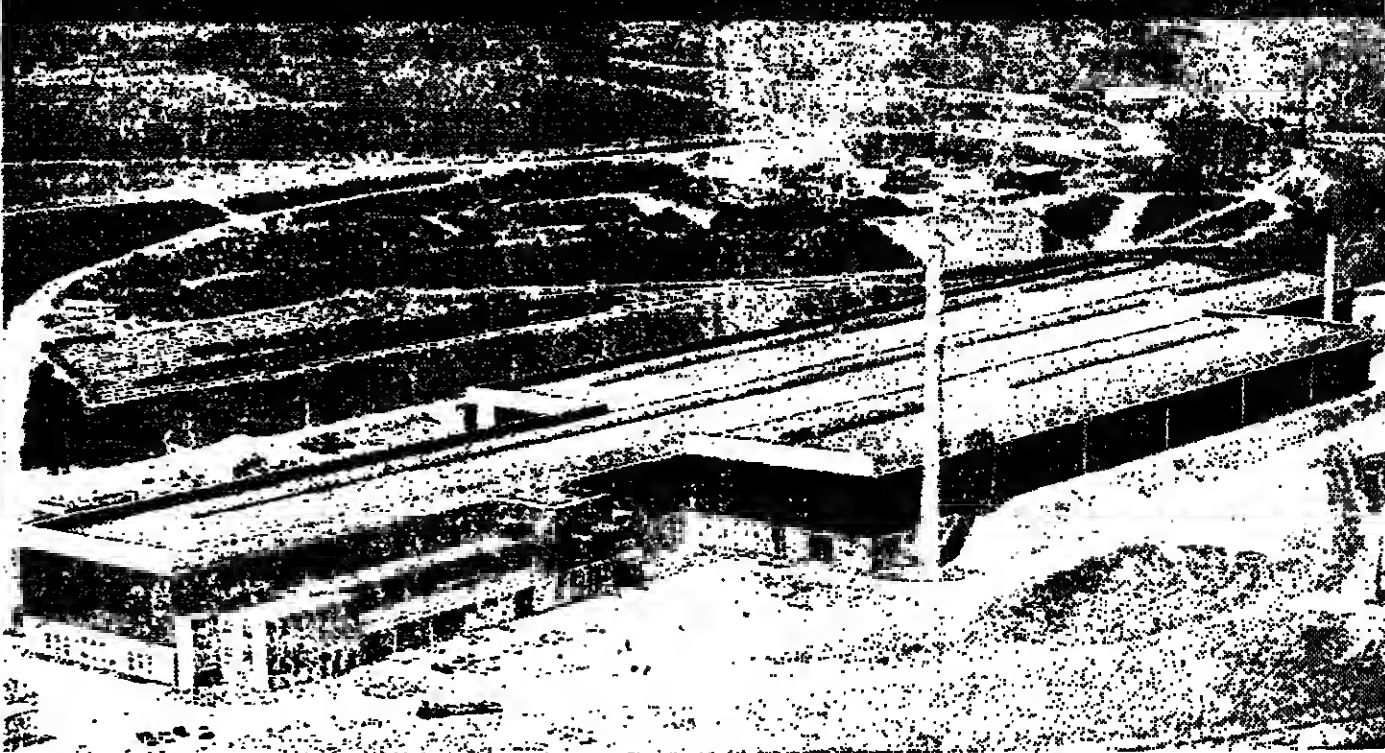
No company expects the next 12 months to be an easy ride, and there could be casualties in the form of departmental closures, and job shedding. Indeed, there are already Sheffield predictions of extensive short time working by the end of 1980.

Yet because of their speedy response to the changing situations and competitive pressures, and in many cases, soundly judged investment, the Sheffield private sector steel industry will survive. Smaller, leaner and less profitable than before, perhaps but with a sound skill base for the better climate which, optimists are now forecasting, could be with us by 1983.

Frazer Wright

Brymbo steel works.

(Ask the Germans, Swedes, Americans, Italians or French)



See photos also by West Air Photography, Weston-super-Mare.

To anyone who doubts that British steel is among the best in the world, we'd just say one word.

Brymbo. Because it's in North Wales, at Brymbo, that GKN have just put the finishing touch to the most up-to-date steel-making and rolling complex in the world.

The finishing touch is a new £48 million rolling mill, with a capacity of over 600,000 tonnes of steel a year.

Not run-of-the-mill steel either, Brymbo forging steel is such high quality, and rolled to such fine tolerances that it's used by vehicle manufacturers

the world over.

From Alfa to BMW, Caterpillar to Volvo, Ford to Scania.

You'll find Brymbo steel in mining and oil drilling equipment too.

Brymbo steel has only one standard. Our aim is that no steel shall leave Brymbo with any defect.

So with a record like that, and with famous-name companies beating a path to Brymbo's door you can see why we've a lot to be proud of. And why Britain can be proud of Brymbo Steel.

Now - and for a long time to come.

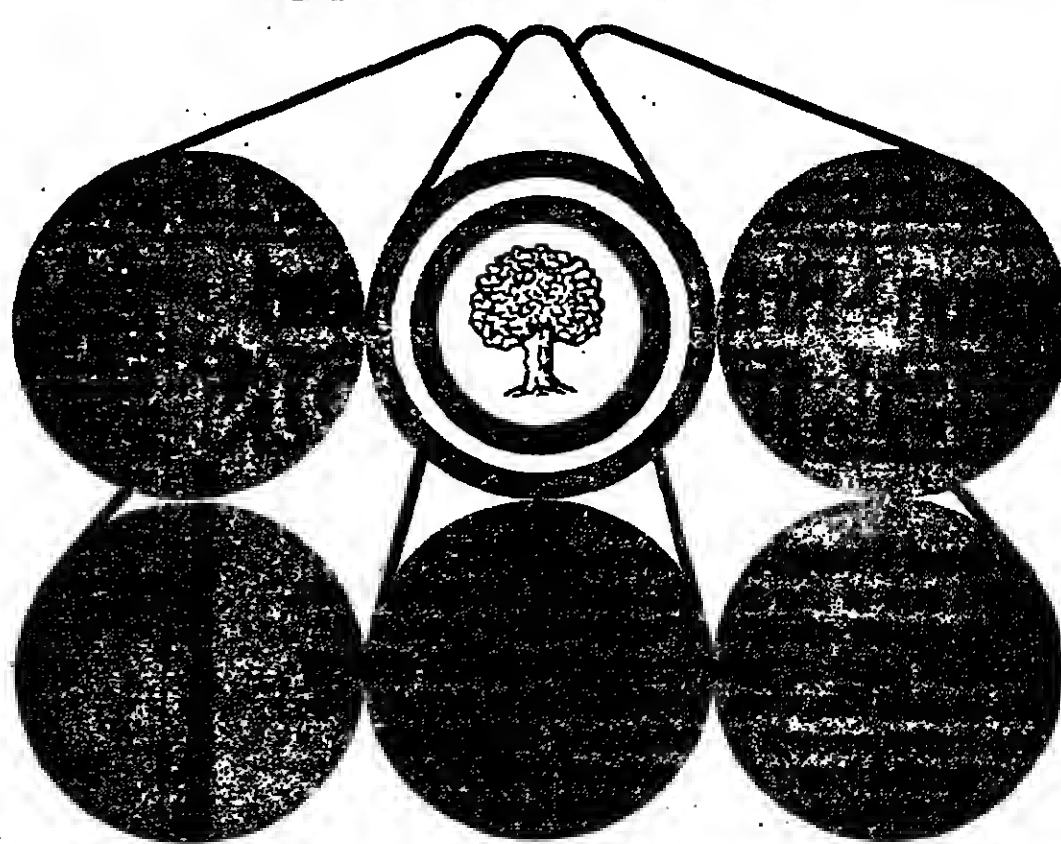
Brymbo Steel Works Ltd.



Brymbo, Nr. Wrexham, Clwyd. Tel: Wrexham (0978) 756333. Telex: 61683.

ROUND OAK STEEL

Europe's leading supplier of round bar



Today Round Oak Steel Works represents one of the most modern and reliable private sector steelmaking units in Europe, capable of producing in one year well over half a million tonnes of steel products. With agents in twenty five countries, Round Oak can supply high quality steels at competitive prices on a world-wide scale.

Electric arc furnace steels in a wide range of carbon and alloy quantities: case hardening, bright drawing, free cutting, machining hot and cold forging grades to British and overseas specifications, special sections: rounds, squares, flats, angles, channels, billets, blooms, slabs and large forging ingots are all produced to the most exacting quality requirements of a wide range of markets at home and overseas.

Typical end-uses include the manufacture of seamless tubes, chain cables, bright bar, shafts, gears, tie rods and bearings for use in the production of motor vehicles, ships, railway rolling stock, mining, agriculture, mechanical handling and engineering components.

Get the "inside story" about Round Oak — send for your copy of "Inside Round Oak", a full colour thirty-two page booklet with details about the company, products and services.

U.K. ☐ French ☐ German ☐ Swedish ☐ North American ☐

Indicate version required

Name/Title

Organisation

Address



Round Oak Steel Works Ltd., P.O. Box 3, Brierley Hill, West Midlands DY5 1LF. Telephone (0384) 70177. Telex 337791.

CRUDE STEEL PRODUCTION: COMPARATIVE PERFORMANCES

Production in May, 1980, in 29 countries, and comparisons with 1979. Figures in thousand tonnes. The countries (out of 42 in which the International Iron and Steel Institute has members) account for 65.3 per cent of 1979 world production, and for approximately 98.2 per cent of world production, excluding that of the USSR and other Eastern Bloc countries, China and North Korea.

	May, 1980	April, 1980	May, 1979	% change in 1979 May 1979/80	1980	1979	% change
Belgium	1,261	1,215	1,234	+ 2.3	6,121	5,874	+ 4.2
Denmark	72	66	81	- 11.1	387	333	+ 16.2
W. Germany	3,845	3,798	4,128	- 6.9	19,249	18,770	+ 2.6
France	2,667	2,184	1,734	+ 20.4	11,047	9,150	+ 20.7
Italy	2,436	2,278	2,019	+ 20.7	11,787	10,323	+ 14.2
Luxembourg	420	444	455	- 7.7	2,171	2,098	+ 3.5
Netherlands	505	512	565	- 10.6	2,394	2,377	+ 0.7
UK*	1,564	1,059	1,939	- 19.3	3,408	9,018	- 62.2
Total of above	12,190	11,556	12,155	+ 0.3	56,564	57,943	- 2.4
Austria	409	396	423	- 3.3	2,069	2,032	+ 1.8
Finland	212	217	224	- 5.4	1,072	1,095	- 2.1
Norway	61	55	73	- 16.4	370	391	- 5.4
Portugal	41	57	58	- 29.3	274	278	- 1.4
Spain	1,127	1,147	1,109	+ 4.6	5,361	5,144	+ 4.3
Sweden	300	418	462	- 35.1	2,132	2,106	- 1.6
Turkey	1,200	192	298	+ 3.8	1,962	1,059	+ 9.2
Yugoslavia	312	313	306	+ 2.0	1,568	1,416	+ 10.7
Canada	1,438	1,353	1,409	+ 2.1	6,350	6,714	- 6.2
U.S.	8,224	9,653	11,602	- 28.3	47,351	53,731	- 11.9
Argentina	273	263	298	- 8.4	1,158	1,275	- 9.2
Brazil	11,250	1,245	1,163	+ 7.5	16,150	5,451	+ 12.8
Chile	145	145	67	+ 32.8	1,250	240	+ 4.2
Mexico	572	551	626	- 8.6	2,639	2,993	- 5.1
Venezuela	1,150	1,140	115	+ 30.4	7,750	627	+ 42.3
Australia	498	529	674	- 27.6	3,068	3,245	- 5.5
India	736	757	795	- 7.4	4,136	4,323	- 4.3
Japan	9,961	9,799	9,524	+ 4.6	48,224	46,054	+ 4.7
Republic of Korea	734	700	686	+ 7.0	3,523	3,174	+ 11.0
South Africa	761	737	734	+ 3.7	3,728	3,581	+ 4.1
Taiwan (ROC)	7,550	331	393	+ 10.9	11,630	1,915	+ 14.9
TOTAL	39,934	40,454	43,104	- 7.4	300,027	204,646	- 2.3

* Calculated on a calendar month basis. † Estimate.

Source: The International Iron and Steel Institute, Brussels.

BARWORTH FLOCKTON for fine tool steels!

3
strategically
placed
depots

BIRMINGHAM
TEL: 021-458 1900
and 1039

LONDON
TEL: 01-317 7779
and 7830

SHEFFIELD
TEL: 0742 468291
and 468941

**OUR £3½M.
INVESTMENT
PROGRAMME
IS ALMOST
COMPLETED—
involving the installation
of an 800t. forging press and a
G.F.M. SXL 16 forging machine.**

For all types of high speed steel, Die Steels, Press Tool Steels, Hot Work and Plastic Mould Steels. Specialists in Centreless Ground and Peeled Bars, and Ground Flat Stock.

BARWORTH FLOCKTON LTD.

Ecclesfield, Sheffield S30 3XH
Telex: Donbar Sheffield 54657.

Some cuts are welcome

If you handle steel in a big way, you'll be looking for cuts in your accident rate, in your crane down-time, and in your energy costs.

GEC Witton Kramer 'Permanent' Electric Magnets are designed to give you all of these.

They do not drop their load even when the power supply fails.
They do not need stand-by batteries.
And their power consumption can be up to 90% less than that of an ordinary electro-magnet.

They handle bars, blooms, billets, ingots, plate, and coils of steel strip.
With safety.
With economy.
Consult us about magnetic handling. You might even find there are some cuts you can look forward to.

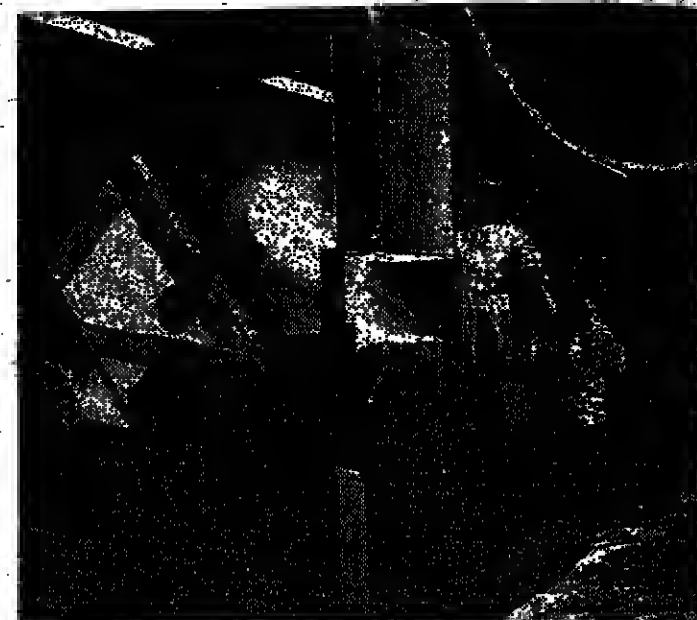
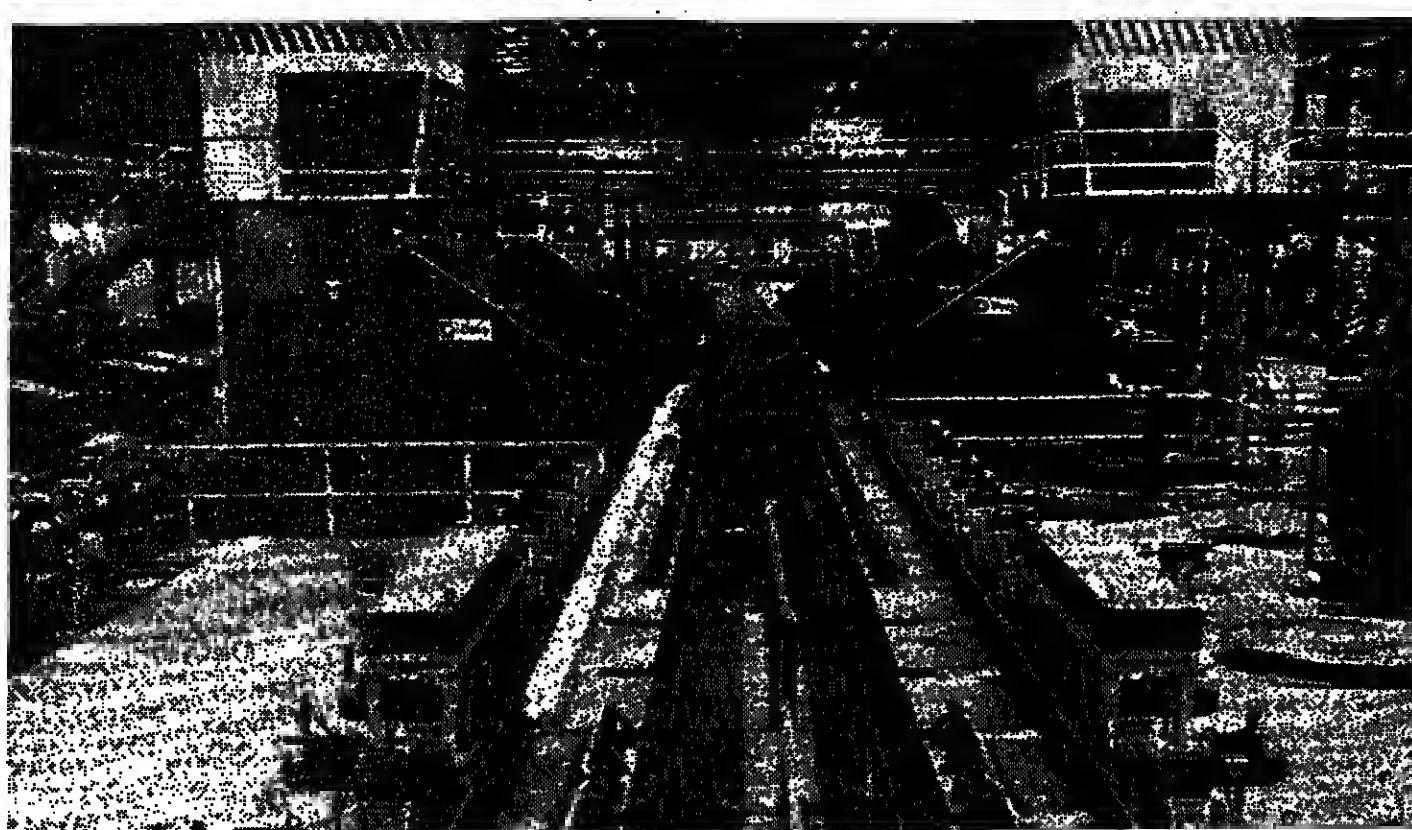
GEC
Witton Kramer Limited
PO Box 501, Electric Avenue,
Witton, Birmingham B8 7JP
Phone 021-327 3241, Telex 339167
A subsidiary of the General Electric Company Limited of England

Johnson & Firth Brown Limited STEEL DIVISION

The Steel Division of Johnson & Firth Brown Limited is one of the world's leading manufacturers of high quality steels and engineering products. Specialised plant at various manufacturing centres in the United Kingdom is backed right across the product spectrum by advanced technology, development and research facilities. This has created an organisation with unrivalled experience in its field.

Johnson & Firth Brown Limited
Steel Division
Atlas Works Sheffield S4 7TE
Telephone 0742 20081
Telex 54279

PRIVATE STEEL INDUSTRY IV



Left: Production at GKN's Brynbo steelworks, North Wales, where two saws on each line cut billets to ordered length, calculated with the aid of a computer. The company has installed a £48m rolling mill at Brynbo, with a capacity of over 600,000 tonnes a year.

Above: a charge being poured from a 300 kW induction furnace at the Droithrich foundry of Derwent Precision Castings, a member of the Derwent Group.

Waning support for Davignon plan

WHEN THE plan to protect the steel industry of the Common Market from serious damage, during a period of world recession and competition from other producers, was initiated in 1977-78 by Viscount Etienne Davignon, the European Industrial Commissioner, some cynics gave it no more than six months. Its most fervent supporters gave it no more than two years.

In the event, the plan has given a considerable measure of protection from unbridled imports to European steelmakers for three years and has also encouraged the much-needed rationalisation of steel-making in most member nations of the Nine.

But steel supply still exceeds demand in the world and, as the Davignon plan is continued into its fourth year, support for it clearly is waning among steelmakers.

Essentially, the plan sought first of all to protect Europe's steel industry from the worst excesses of a world market where too much steel was chasing too few orders, and to follow that up by radically reshaping and streamlining the West European steel industry in order to equip it to face the remaining years of the century with confidence.

The first part of the plan was partially accomplished. The second part involving reconstruction has not made a great deal of progress because of the difficulty that Brussels has found in exerting sufficient leverage on member governments to alter the shape and form of their iron and steel industries.

It would be an exaggeration to say that the invocation of the Davignon plan was the making of the British Independent Steel Manufacturers' Association. But there is no doubt that the independent British steelmakers have played a more important role in the councils of the European steelmakers since the formation of the plan and the necessity of regular detailed talks.

The main weakness of the Davignon plan was the inability

of Davignon and his Brussels team to force Europe's independently-minded steelmakers, to respect minimum levels of prices and maximum levels of production which were so necessary if the plan was to keep discipline in European steelmaking.

Continental steelmakers have been selling at below the Davignon minimum prices. Only in Britain have the private and public steelmaking sectors managed to keep prices at levels which—broadly speaking—bear some relation to the Brussels mandatory and recommended prices. And the reason for the higher British prices is not hard to discover. The insularity of the British market has proved sufficient to enable home producers to ask and receive differentials of up to 20 per cent upon Continental prices, even during bad times.

Downward spiral

Throughout the period of differential between Continental and British steel prices, the British Steel Corporation has been in a downward spiral of falling production and mounting losses. Facing the other west European steelmakers alone in the councils of Davignon and of Eurofer (the European steelmakers' organisation), British Steel would have certainly appeared the odd man out.

But the presence also of the British independent steelmakers has enabled a balanced view of total British steelmaking interests to be presented. There is a feeling now in British steelmaking circles that the private and public sectors have helped each other more than they have hindered each other during the last three years when negotiating for the British steel industry with their Common Market counterparts.

Certainly, the frequent need to put forward a British viewpoint about steel affairs have drawn the two sectors of British steelmaking more closely together and has helped formulate a common approach in many European discussions.

In the years immediately following nationalisation, there was serious doubts, at times, whether the remaining private sector of British steelmaking would survive in the long run. Community membership and later the active co-operation of the British private steelmaking companies in the Davignon plan, and the accompanying rounds of steel talks, have helped give the private steelmakers a new sense of European identity.

Nevertheless, the private steelmakers are, by nature, free traders. BISPA made the

following significant comment about its place in the Community, and the steel schemes, in the latest annual report:

"For steel in particular, 1979 was the fourth year of crisis in which the European Community found it necessary to operate special measures to limit the worst effects of low demand, excess capacity, and price levels which threatened the viability of many enterprises."

"The Davignon plan was maintained throughout the year and BISPA co-operated with the commission and other producers through Eurofer, on the continued implementation of its various aspects. By the year-end, it was clear that the poor steel demand outlook in Europe still called for the measures to be kept in force and BISPA looked forward to the probable maintenance of the plan."

"The hope must be that the year to come will bring more progress towards a restored balance between capacity and demand and to the eventual return to market disciplines, based on free competition without subsidy or other distortion."

However, the British private steelmakers, British Steel, and nearly every other European producer, are agreed that the Davignon measures to restrain imports of steel from countries outside the Community to agreed limits should continue in force.

It looks as though the Davignon-arranged agreements with other world steelmakers will continue to provide a measure of protection to the European companies. But there seems only a slim chance of a price floor being maintained in the Community. That will make the going even tougher for BISPA members and for British Steel.

Depression in the motor industry and British Steel's notorious internal problems are going to cut down the level of public sector bulk steelmaking in Britain during the next few years by up to several million tonnes a year.

Difficulties

The public sector's problems will be the private sector's challenge. But even the most die-hard independent steelmakers admit that they would prefer to be entering the uncertain early years of the 1980s with a strong British Steel at their side. The difficulties that will be caused to the trade by British Steel's problems can do nothing but harm to the British steel industry, in general.

There is only limited scope for further rationalisation and

regrouping by means of mergers and takeovers within the private sector of British steelmaking. Future changes in the sector are likely to involve some participation by companies outside steel—or even by foreign steelmaking companies. Meanwhile, the most active private-sector companies are already aware of the value of extending their activities into Continental Europe by means of joint arrangements or purchases.

The European steel scene is so disorderly at the moment that it looks, to the outsider, a most unpromising arena for investment. But the strength of the private steelmakers, up to now, has been their competitiveness, their ingenuity, and their ability to supply specialist markets. Those qualities will be the strength of the British private steelmakers as the Community steel business gradually sorts itself out.

Roy Hodson

UK STEEL OUTPUT

Private and public, 1978-1980
Total production of usable steel; weekly average, thousand tonnes; seasonally adjusted

1978	
May*	395.2
June	404.6
July	425.3
August*	288.4
September	403.4
October	403.5
November*	414.2
December	389.8

1979	
January*	319.5
February	408.5
March	430.5
April	443.9
May*	429.5
June	449.2
July	450.9
August*	374.2
September	452.6
October*	419.6
November	417.0
December	371.6

1980	
January*/February/	**58.8
March	236.0
April*	346.6

* Five-week month.
** During the period of the steel strike, only the private sector was producing.
Source: British Independent Steel Producers' Association and British Steel Corporation.

REGIONAL STEEL PRODUCTION

UK Steel Industry (both publicly and privately owned); by regions, 1979-1980; weekly average thousand tonnes; not seasonally adjusted.

	First 5 months 1979	1980	1979 May*	1980 April*	1980 May
Northern	63.9	17.6	63.3	23.1	61.1
Yorkshire and Humberside	133.9	51.7	145.8	93.2	125.4
East Midlands	16.0	1.5	16.2	2.0	2.3
East Anglia, South East and South West	9.0	9.1	3.0	3.8	3.8
Wales	124.1	44.4	127.0	68.5	97.3
West Midlands	22.1	13.5	18.4	17.3	11.2
North West	4.7	4.9	4.0	5.5	4.3
Scotland	31.1	13.3	40.0	23.7	40.2
TOTAL	414.3	156.0	437.7	247.1	351.2

* 5-week month.

Source: British Independent Steel Producers' Association and British Steel Corporation.



Try getting a big noise in the steel industry to listen

When you're talking about special analysis, qualities, or non-standard products, you find a lot of deaf ears in the steel industry.

Not at Unbrako.

We offer high quality cold forming wire, bright bars and hot rolled rods in alloy and special carbon steels, round and hexagon to customers specification.

Call us and talk about your steel problem. If nothing else you'll find us good listeners.

Unbrako Steel Co. Ltd.,

Manor Road,

Kiveton Park,

Sheffield S31 8PB

Tel: 0909 770431

Telex: 54176

Big enough to cope. Small enough to care.

**Unbrako
steel**

**LEE
steel**

For Strip, Bar and Wire

Lee Steel Strip Ltd. Lee Bright Bars Ltd. Lee Steel Wire Ltd.
Members of the Arthur Lee Group of Companies

Arthur Lee & Sons Ltd.

P.O. Box 54, Meadow Hall, Sheffield S9 1HU.

Tel. 387272. Telex 54165 'Crown' Sheffield.

Steel Service Centres:-

C. Roberts & Company (Steel) Ltd., Rotherham.

Bell & Harwood Ltd., West Bromwich. J.A. Hemming Ltd., Walsall.

Case Brothers, Birmingham.

Milk price decision soon

By John Edwards, Commodities Editor

PETER WALKER, the Minister of Agriculture, is still considering a plea from the dairy industry to raise the price of a pint of milk by 1.5p to 18p, a Ministry spokesman said yesterday.

However, it is expected that a decision, one way or the other, will be made before August 1, the date when the industry wants the higher milk price to be introduced.

Richard Butler, president of the National Farmers Union,

pointed out yesterday that the request for a milk-price rise, made a fortnight ago, was for the first time a joint approach from the industry with the Milk Marketing Board and the Dairy Traders Federation.

The tripartite approach had involved some compromise in reducing the size of the price increase requested, but he considered it a significant development that the industry was able to speak with one voice.

Copper rises strongly

By Our Commodities Staff

COPPER prices rose strongly to the highest level since end-April on the London Metal Exchange yesterday following reports of a strike by Peruvian copper workers.

The uptrend was also encouraged by a statement from U.S. copper workers union representatives that no talks were planned at present to resolve the U.S. copper strike that started on July 1 when negotiations on the terms of a new labour contract ended in failure. Negotiations ended in failure on both sides have now been broken off with no date set for a resumption, according to the U.S. metal workers' union.

There was sufficient fresh buying interest in the market to drive up the cash wirebar price by £20 to £915 a tonne, in spite of the depressing influence of another fall in precious metals.

Traders said a testing point will be whether the three months quotation, which gained £19.75 to £937.5, goes through £940—a significant chartist buying point.

Other base metals were hampered by the rise in copper, with the exception of tin that came under some heavy trade selling pressure at one stage. The cash price closed £87.5 lower at £7,122 a tonne.

Polish grain imports

WARSAW — Poland imported

4.7m tonnes of grain and foodstuffs worth nearly \$1bn, in the first six months of 1989, Ryszard Karski, Polish Foreign Trade and Shipping Minister has said.

The U.S. Agriculture Department earlier estimated Polish grain imports for the year to the end of June at \$m to \$5m.

Recent heavy rain flooded over 200,000 hectares of intensive farming land in Poland and although prospects for the grain harvest still look good, oilseed production will be 25,000 tonnes short of target.

Meanwhile Polish industrial output rose by 5.8 per cent in the first six months of 1989 over the same period in 1979.

Agri-cultural production is still suffering from the effects of last year's bad harvest and animal breeding has fallen.

The state purchased 3.7 per cent less meat in the first two quarters of the year compared with the same period in 1979, Reuters.

EEC FISHING

Court rules against Britain

By Richard Mooney

THE BRITISH GOVERNMENT has been put in a difficult position by yesterday's announcement that the European Court has ruled its unilateral fish conservation measures imposed in 1977 and 1978 illegal.

The measures were imposed under the last Government by Mr. John Silkin, the then Agriculture Minister, and two of them are no longer operative unilaterally because they have since been taken up by the EEC Commission itself. In the case of these two measures the Court ruling amounts to little more than a slap on the wrist for the British Government over certain irregularities in the way they were imposed.

But the other measure, the extension of the so-called Norway Pout Box off the north-east of Scotland, though not actually operative at the moment, is still in force. This increases by about 50 per cent between October and March the size of an area of sea barred to industrial fishermen.

Industrial fishing concentrates on small fish unsuitable for human consumption which are used for putting into fish meal or animal feed. Its exponents use trawlers with very small meshes to scoop up the tiny fish usually caught for this purpose.

The trouble is that any immature specimens of prime fish swimming in the area tend to get scooped up as well.

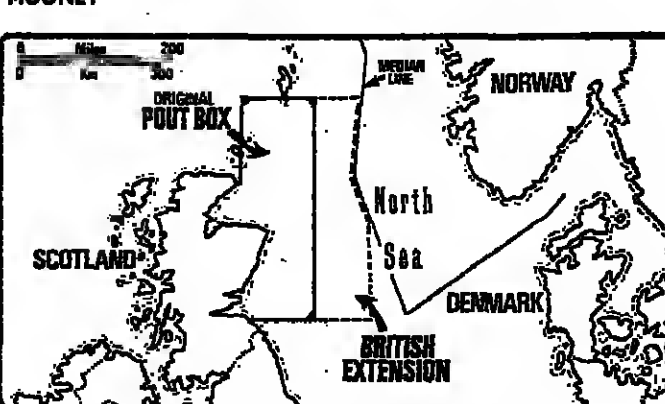
No one has any objection to

Norway Pout, which are useless for any purpose other than fishmeal production, being caught in this way, but the Pout Box area is also an important spawning ground for haddock and whiting. Stocks of these species have suffered severely through industrial fishing.

Recognising this, the Commission set apart an area where industrial fishing was banned—this became known as the Norway Pout Box. But the British thought it was too small and unilaterally imposed an extension to cover the area the immature fish spread into during the winter.

This severely curtailed the area open to Danish industrial fishermen who complained bitterly to the Commission. When unofficial pressure failed to persuade the British to relent, the Commission, last autumn, referred the case to the European Court. In July, the Advocate General, the EEC's senior legal officer, gave the British his opinion that the British action contravened the Treaty of Rome in that it amounted to an extension of national limits. And after due deliberation the Court yesterday supported this view.

The British Government is now faced with two choices: to follow its natural and traditional inclination and abide by the law; or to emulate the French reaction to the Court's



ruling on its lamb import restrictions and ignore it. The fact that the French have shown contempt for the Court over lamb and got away with it makes it all the more difficult for the British to meekly toe the line over fish.

There is no appeal against the Court ruling, but neither is there any penalty for ignoring it.

The Ministry of Agriculture in London was at pains yesterday to stress that no decision to defy the ruling had yet been taken. Details were still being awaited from Brussels and would be carefully studied when they arrived, the Ministry said.

The British restrictions would remain in force in the meantime, they added.

The other British measures ruled illegal concerned herring fishing in the Murne fishery

off Northern Ireland and around the Isle of Man.

Britain broke EEC rules in the Murne case by granting a derogation allowing a small quota to boats under 35 ft in length. This effectively discriminated against other EEC countries whose small vessels could not safely reach this fishery. The derogation was short-lived, however, and the fishery was closed altogether after the small boats had caught nearly another 180 tonnes of herring.

In the Isle of Man case, Britain did not inform the Commission of the licensing system imposed in 1977-78, failing to obtain approval for a cut in the herring quota and instead Irish fishermen landed their catches at the Isle of Man, breaking EEC rules on the free movement of goods.

Retailers deny apple boycott plan

By Our Commodities Editor

PLANS FOR restricting imports of French apples to top quality grades only, announced earlier this week by UK farmers, appear to have been torpedoed. The British Multiple Retailers Association angrily denied that it was party to an agreement with fruit importers and wholesalers, engineered by the National Farmers Union, to boycott from August 1 poor quality French Golden Delicious apples, which are alleged to be undermining the UK market.

In a Press statement the association regretted "inaccurate" claims that it had entered into any agreement on restricting French apples sales. It added that no recommendation either had been made to its members about how to conduct their trading policy.

The National Federation of Fruit and Potato Trades, which represents wholesalers, said it had only made a recommendation to its members to restrict trading of French Golden Delicious to grade 1 apples only. However, it had no power to enforce the recommendation, which might possibly be a breach of EEC regulations.

It was pointed out that some Class 2 apples were perfectly satisfactory, and were only downgraded because they were the wrong size. There was no way sales of Class 2 apples could be banned. At the same time it is generally recognised that British growers send many sub-standard apples to market. Indeed this is one reason why French Golden Delicious have made such inroads in the UK market.

The National Farmers Union expressed surprise that the Retailers Association had denied there was any agreement. "ANNUAL official said the statement had been issued after consultations with the other interested

organisations, who had agreed to it.

He pointed out that steps were being taken to improve the quality and marketing of British apples. Meanwhile talks have been held with the French at which one suggestion made was a quota on imports. However it appears doubtful whether the French will agree to such a step, which would be difficult to enforce on a fellow member of the Community.

However, some progress has been made with other problems facing the hard-pressed U.K. horticultural industry. At the EEC Farm Ministers meeting later this month it is hoped the Commission will come up with proposals to lessen the advantages enjoyed by Dutch tomato growers, whose competitiveness has been greatly helped by low-priced gas supplies.

The EEC Commission has already put pressure on Poland to prevent cut-price strawberry pulp sales from undermining the U.K. industry.

Australian wheat deal with USSR

By Patricia Newby in Canberra

THE AUSTRALIAN Wheat Board yesterday announced a contract with the Soviet Union for the supply of 2m tonnes of wheat to be shipped over the next 12 months.

The contract follows the recent announcement by Mr. Peter Nixon, the Minister for Primary Industry, that wheat exports to Russia for the financial year which began on July 1 would be limited to 2.5m tonnes—an increase of 200,000 tonnes on last year's sales.

Mr. Nixon has yet to announce the limits on sales of coarse grains to the Soviet Union under the Government's policy of limiting total grain sales to last year's record amount of 3.9m tonnes in retaliation to the Soviet Union's invasion of Afghanistan.

A spokesman for the Wheat Board said yesterday he expected the Board to sell another 500 tonnes, bringing total sales

up to this year's quota, in the Australian spring when the full extent of crop planting was known.

So far this winter about 95 per cent of the wheat crop has been planted, but drought delayed planting in some areas. The Wheat Board is expecting to export at least 15m tonnes of wheat in 1989-91.

The value of yesterday's contract was not made public, but at prevailing prices of \$3145 (£73) to \$3150 a tonne, it is estimated to be worth around \$300m.

Last year the Soviet Union was Australia's second largest wheat market after China and Australia was the world's second largest wheat exporter, behind the U.S. and ahead of Canada.

The 15.2m tonnes sold in the year ended June 30, 1989 brought \$2.2bn, a record for an Australian commodity.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher on the London Metal Exchange. A strong rally in the afternoon, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

During the afternoon a strong selling on the London market, following reports of a strike at a Peruvian mine, lifted the world market to around \$35 and the market opened at that level yesterday. However, persistent trade selling was enough to bring the price down to \$34.50 by the close.

COCOA

Futures turned in another listless performance in the trading ended the day at levels unchanged to those of Wednesday evening, reports Gill and Duffus.

The market in cocoa was quiet in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

COFFEE

A moderately active market saw no fresh features emerging but the forthcoming meeting of Latin American coffee producers appeared to influence some short-covering operations. In the afternoon the upward momentum was lost, led by a steady rise in the price of Arabica coffee, which was sold on a short-covering basis.

The market in coffee was quiet in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

GRAINS

THE LONDON GRAIN FUTURES—Good general demand was seen throughout the day, the main interest being in the nearby autumn and winter wheat. In active trading conditions, reports C. Crompton.

The market in grain was quiet in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

SOYABEAN MEAL

This London market opened with losses of £1.50 on light liquidation, reports T. G. Roddick. Trade buying was steady and in the afternoon a steady rise in the price of soyabean meal was seen. In active trading conditions, reports C. Crompton.

The market in soyabean meal was quiet in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to the close at £350. Turnover 0.525 tonnes.

LEAD—Gained ground in the week of the rise in copper. Three months moved ahead throughout

Warning about Government spending dampens markets

Equities also unsettled by Imperial Group statement

Account Dealing Dates

Options

First Declara-

Last Account

Dealing Days

June 30 July 10 July 21

July 14 July 24 July 25 Aug. 4

July 28 Aug. 7 Aug. 8 Aug. 18

New Time Dealings may take

place from 9 am to 2.30 pm

earlier.

The Treasury warning about

the high level of Government

spending and borrowing im-

parted a gradual sobering in-

fluence in London stock markets

yesterday. Investment enthu-

siasm waned noticeably after the

recent sharp expansion and gilt-

edged securities were unable to

maintain early strength which

had enabled the new long up

stock to be activated in first-time

dealings. Leading shares also

lacked conviction, particularly after Imperial Group's interim statement with its forecast of lower full-year profits.

An emotionally-charged atmosphere prevailed in opening trade in Gilts with the overnight upsurge continuing. Longer-dated stocks were soon a step up on Wednesday's after-hours' levels which had been a better than that day's closing prices. The Government broker was able to sell supplies of the new £20-paid long tap, Treasury 12 per cent 1987, at 201, but demand was not sufficient for him to withdraw at that price. The tone subsequently began to soften throughout the sector.

A fair two-way trade was effected later, without matching

recent high standards, and usually at receding prices before stability returned towards the official close. Finally, most longs settled a shade below the late 360s levels of the previous day. Selected low-coupon shorts benefited from specialist support from high tax payers, but higher-coupon stocks tended to display small mixed movements.

End-Account selling was prevalent in many equity sectors and, apart from fairly numerous firms among situation issues, most lost early firmness. Leading industrials moved similarly and after being a penny or two better ended with minor losses. Yet again, the hourly movements in the FT 30-share index were varied and a 10.00 am gain of 2.2 was finally replaced by a net fall of 3.6 at 4.94 with a large part of the day's loss attributable to Imperial Group, down 8 at 81p.

Imperial attracted an extremely active trading options business, contributing 51 per cent to the total of 1,687. Also in demand were Lombar and Land Securities with 273 and 209 trades respectively.

Banks firm

Firm conditions prevailed in home banks but the volume of business contracted. Midland stood out with a gain of 7 to 368p. Still setting the chair-manships encouraging, the chairman of Allied Irish added 6 fresh to 122p. Merchant banks encountered selective investment support with Hill Samuel prominent at 133p, up 5. Brown Shipley gained 6 to 342p. Australian issues hardened in places. Bank of New South Wales rose 8 to 153p as did Commercial Bank of Australia, 133p.

Insurances were featured by a rise of 4 to 113p in Hogg Robinson following buying ahead of the preliminary results due later this month.

A number of buyers left leading Breweries with modest falls. Greenall Whitley moved against the trend, however, and firmed 4 to 220p.

Special situations were usually responsible for noteworthy movements in Buildings. Barnett & Hollands rose 50 for a three-day gain of 95 to 760p in a thin market on speculation that a suit could be attracted by the company's coal interests. Derek Crouch, which also has an open-mine operation, put on 8 to 160p in sympathy. Elsewhere, G. R. Downing gained 11 for a two-day rise of 14 to 124p in response to the better-than-expected second-half

performance, while Alexander Russell hardened a penny to 63p, after 65p, on the higher annual profits.

Among Chemicals, Leigh interests pushed up 6 to 132p, but Allied Colloids weakened 5 to 107p. Cellulose were quoted 3 up at 129p ex rights, while the new paid shares opened at 31p premium and touched 42p premium before closing at 39p premium in active trading.

Home Charm good

Good early support for Store majors tailed off by the afternoon and most ended a shade lower on balance. Mothercare fell 6 to 225p, while Marks and Spencer shed a penny at 96p. Burton, on the other hand, firmed 5 to 126p, after 127p. Elsewhere, Harris Queensway declined 4 to 148p but strong interest was shown for Home Charm, 8 better at 106p.

A buoyant market since the return from suspension on Tuesday. Polly Peck encountered profit-taking after cautious 25p rise. The substantially higher annual profits from Ratners were fully expected and the shares eased a shade to 60p, but fellow jewellers James Walker rose 6 to 76p in sympathy.

Nervous offerings ahead of the annual results, due today, left Thorne EM1 4 down at 304p in a thin market. Electrical sector. Renewed investment demand prompted gains of 7 and 14 respectively in Racal 275p, and Ferranti, 64p, while GEC closed 2 hard at 444p, after 446p. Mulholland improved 5 to 95p as did Quest Automation, to 145p.

Secondary issues provided the focal point in Engineering. Howden rose 4 to 83p in response to better-than-expected results and 600 Group revived with a similar rise to 65p. Victor Products Walks advanced 10 to 205p on speculative support, while Brathwaite 76p, and Mitchell Somers, 41p, gained 3 and 2 respectively after trading news. Davy Corporation improved 3 to 89p following Press comment and Wel Group were favoured at 41p, up 4. Further consideration of the group's £1.1m acquisition of Technograph helped Ransome Hoffman Poldard put on 3 to 103p.

End-Account influences led to dullness in Foods, Tate and Lyle and British Sugar losing 4 apiece to 153p and 226p respectively. Associated Dairies also encountered selling and shed 6 to 177p. Down 11 on Wednesday the half-yearly results of Watson and Philip shed 3 to 36p

on the announcement and sharply lower interim profits left Jamesons Chocolates 6 lower at 46p.

Among Hotels and Caterers, a couple of buyers lifted Prince of Wales 8 to 83p in a thin market.

First-half profits from Sotheby Parke Bernet were deemed disappointing and the shares fell away steadily to close 45 down at 500p. Christies International dipped 16 to 210p in sympathy. United Gas Industries released preliminary figures which failed to match expectations and closed 7 down at 132p, after 133p, and 5 respectively. In contrast, Aran Energy added 8 for a two-day gain of 26 to 478p as speculative interest continued, while Global Natural Resources, at 485p, recovered 15 of the previous day's fall of 25.

The recently active Investment Trust sector was further enlivened by an agreed offer for Stanhope General from Dares Estates; Stanhope jumped 40 to 200p on the news while Dares eased a fraction to 19p. Among the new issues, the 100p share continued to respond to buying in a narrow market and improved 11 more to 336p, while continued demand left Mercantile Energy 14 better at 280p which is 35 up on the week 50 for Hampton Trust gained 5 to 37p on the annual results.

Imperial slumped 8 to 81p in response to interim profits well below market expectations and warning of reduced second half earnings. Other Tobaccos turned easier in sympathy with Bats losing 4 at 283p.

Golds down again

Mining markets generally came under a fair amount of selling pressure as profit-taking and nervous selling followed the further decline in the hulk price—finally \$3 lower at \$660.5 an ounce.

South African Golds eased in the wake of persistent selling—most of it coming from London—and tended to weaken further in the after-hours' trade on American selling. Consequently, the Gold Mines index gave up 75 more for a two-day fall of 12.1 to 361.7. In the heavyweights, Hartbeest were particularly affected and dropped 11 to 429p.

London Financials were easier with the notable exception of the Gold Consolidated. Another heavy two-way business was transacted in the shares, which touched a 1980 high of 234p in the wake of sizeable investment demand before reacting on profit-taking and closing unaltered on balance a 230p; the company's annual report is published today.

Tanks fell to 322p immediately following the latest Ashton

in Oils under the lead of British Petroleum, down 8 at 352p. Tricontinental gave up 12 to 364p and Ultramar 10 to 356p. Public Finance given to a broker's bullish circular caused initial firmness in Lassie which reacted 795p before at last touched left the close 25 to 133p on late offerings, while Candeca, 195p, and Carless, 123p, shed 7 and 5 respectively. In contrast, Aran Energy added 8 for a two-day gain of 26 to 478p as speculative interest continued, while Global Natural Resources, at 485p, recovered 15 of the previous day's fall of 25.

The recently active Investment Trust sector was further enlivened by an agreed offer for Stanhope General from Dares Estates; Stanhope jumped 40 to 200p on the news while Dares eased a fraction to 19p. Among the new issues, the 100p share continued to respond to buying in a narrow market and improved 11 more to 336p, while continued demand left Mercantile Energy 14 better at 280p which is 35 up on the week 50 for Hampton Trust gained 5 to 37p on the annual results.

Imperial slumped 8 to 81p in response to interim profits well below market expectations and warning of reduced second half earnings. Other Tobaccos turned easier in sympathy with Bats losing 4 at 283p.

Mining markets generally came under a fair amount of selling pressure as profit-taking and nervous selling followed the further decline in the hulk price—finally \$3 lower at \$660.5 an ounce.

South African Golds eased in the wake of persistent selling—most of it coming from London—and tended to weaken further in the after-hours' trade on American selling. Consequently, the Gold Mines index gave up 75 more for a two-day fall of 12.1 to 361.7. In the heavyweights, Hartbeest were particularly affected and dropped 11 to 429p.

London Financials were easier with the notable exception of the Gold Consolidated. Another heavy two-way business was transacted in the shares, which touched a 1980 high of 234p in the wake of sizeable investment demand before reacting on profit-taking and closing unaltered on balance a 230p; the company's annual report is published today.

Tanks fell to 322p immediately following the latest Ashton

FINANCIAL TIMES STOCK INDICES

	July 10	July 9	July 8	July 7	July 6	July 5	A year ago
Government Secs.	70.71	70.75	70.89	70.34	69.97	69.98	72.90
Fixed Interest	71.28	71.66	71.96	71.48	71.17	71.09	74.06
Industrial	489.4	495.0	492.7	485.0	485.8	480.1	469.8
Gold Mines	561.7	558.8	575.8	565.0	565.0	565.0	565.0
Ord. Div. Yield	7.40	7.56	7.56	7.56	7.56	7.56	7.56
Earnings, Yld. (200)	18.00	17.99	17.91	17.89	17.88	18.13	17.82
P/E Ratio (net)	6.74	6.74	6.77	6.76	6.76	6.71	7.26
Equity turnover 2m.	25.42	29.28	30.57	27.69	26.15	22.55	22.55
Equity bargains 2m.	130.99	111.34	146.90	171.00	169.78	177.80	177.80
Equity bargains 2m.	30.100	34.828	30.298	17.794	18.498	11.659	11.659

10 am 485.2, 11 am 485.1, Noon 484.8, 1 pm 482.8, 2 pm 480.7, 3 pm 481.0, Latest index 01-246 0028, *Nil=2.28.

— Basis 100 Govt. Secs. 15/10/78. Fixed Int. 1978. Industrial Ind. 1/7/75. Gold Mines 12/9/75. SE Activity July-Oct. 1982.

HIGHS AND LOWS

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

S.E. ACTIVITY

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	July 10	July 9
	High	Low	High	Low
Govt Secs.	70.75	63.26	177.4	49.18
Fixed Int.	71.28	64.70	150.4	50.53
Ind. Ord.	493.0	406.9	558.6	42.4
Gold Mines	577.2	555.1	442.5	45.6

NEW LOWS (10)

	1980	Since Compil'n	
--	------	----------------	--

Head Office: Osaka, Japan

44
HALL & PICKLES
SHEFFIELD
STEEL AND
TOOLS

BELL'S
SCOTCH WHISKY
BELL'S

PAN AM AND BA WANT 14% INCREASE

Atlantic air fare rise sought

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO MAJOR North Atlantic airlines, Pan American and British Airways, are seeking permission to raise fares by nearly 14 per cent.

British Airways has asked the U.S. Civil Aeronautics Board to allow the increase from September 9. It will be making a similar request soon to the UK Civil Aviation Authority.

If the increase is approved, British Airways' first-class single fare between London and New York will go up from £594 to £675, the economy single rate from £223 to £253, and the stand-by single rate from £106 to £120.50.

Pan American has applied for similar rises. The new fares would represent the second big increase this summer. Fares went up by nearly 14 per cent

on April 21. Since June last year, Atlantic fares have risen by 36 per cent.

The increase is attributed to soaring fuel costs and factors such as rising labour and en-route navigation charges, landing fees, and other direct operating costs.

Average fuel prices for most North Atlantic airlines are now about \$1 per U.S. gallon and are likely to go higher before the end of this year.

They are already nearly double those of a year ago.

At the same time, summer traffic so far has been well below last year's levels.

British Airways estimates 12.9m passengers between the UK and U.S. this year, shared between it and airlines such as Pan American, Trans World Airlines, British Caledonian,

Distillers loses whisky appeal

By Gareth Griffiths

THE DISTILLERS Company yesterday lost a two-year battle to persuade the European Court of Justice to overrule an EEC Commission ban on the dual pricing of Scotch whisky.

The Court in Luxembourg rejected Distillers' appeal and ordered it to pay all costs.

The company said last night it was disappointed, although the decision had been widely expected after the Court's Advocate General submitted in March that the appeal should fail on a technicality.

THE LEX COLUMN

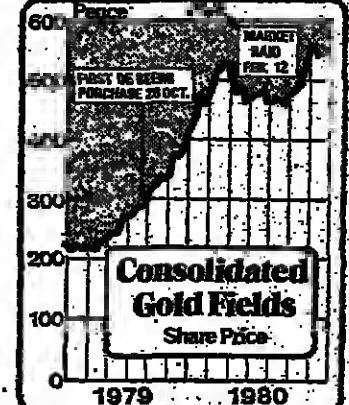
The morning of February 12

Index fell 3.6 to 489.4

The Stock Exchange's response, in terms of a new code for market raids, is sensible enough as far as it goes. But its call for amendments to company law looks rather weak for such champions of self-regulation.

And the underlying problems remain to be tackled: that the Stock Exchange will have to rely more and more on tighter controls (especially on jobbers) and less on the natural balance of market forces.

Such attitudes could appear questionable set out in these terms. Yet the London Stock Exchange has a proud history as an efficient and free market, in which generally speaking both buyers and sellers have received a fair crack of the whip. The effectiveness of the market has depended on the existence of many competing investors, brokers and market makers. In such conditions the readiness of a broker to act solely in the interests of his client has not disturbed the general equilibrium; indeed the clients would not have it otherwise. And the opportunities for dealers to influence large and active markets have been strictly limited.



exchanged its BAF shares in gilt-edged stocks. Imps no longer has a flow of funds income to put towards the dividend. The interim payment, unchanged and there seems no reason for the group to change itself with a higher dividend.

The good news, as usual, comes from below, where Imps is in its element. Trading margins have been pushed up from 4 per cent to 4.5 per cent—helped by some pre-emption and a good pre-emption period—and pre-interest profits for the year to October, despite some months of loss, stand at £78.5m. In the four quarters the North American power business has joined Imps' profits in the corporate casualty ward. In the last few weeks, the broker prices have begun to rise, but the UK egg market remains disastrously weak. The brewing division's trading profits are inflated by the transfer of Imps' Harp assets to associate in subsidiary status in the second half. Contrary to suffering from a decline in volume.

The shares have now returned to a yield of above 13 per cent, dropping 8p yesterday to 510p, the steepness of the fall perhaps suggesting that the equity market is unprepared for the next few months' corporate profits news.

Poland set to secure \$300m Euro loan

By Christopher Bobinski in Warsaw and Francis Ghiles in London

POLAND APPEARS to be close to securing a \$300 to \$350m loan on the Euro-currency market following discussions yesterday between leading international banks and a delegation from Bank Handlowy in London.

A management group is now being formed, and it is understood the Poles will pay 11 per cent over the London Inter-Bank Offered Rate (LIBOR) for seven years, with three-year grace period.

News of progress on the loan coincided with fresh signs of the strains placed on the Polish economy by the Government's strategy of diverting resources to exports.

There were further strikes at several major Polish factories yesterday, despite a televised pledge on Wednesday night by the Communist Party leader, Mr. Edward Gierek, that low-paid workers and pensioners would be shielded from the effects of higher prices.

Workers at the FSO Zeran motor works, one of the largest plants in Warsaw, struck in support of a claim for higher wages and a demand that recent meat price increases should be withdrawn. There were reports of similar stoppages in at least two other major factories.

Prime Minister supports Prior idea of unpaid labour

BY RICHARD EVANS AND JOHN LLOYD

THE Prime Minister gave general support yesterday to the controversial suggestion of Mr. James Prior, Employment Secretary, that unemployed workers might be encouraged to do voluntary work in spite of trades union leaders' opposition.

Ministers quickly moved to dispel any remaining idea that there would be any element of compulsion, or that those who refused would lose unemployment benefit, but it was clear that various ideas are under discussion in Whitehall.

Mr. Prior, who yesterday opened a new chemical plant at Widnes, Cheshire, called for public debate on the issue. "What is required more than anything else is an administrative network to which the unemployed could go when they wanted to do this on a voluntary basis," he said.

There was "immense worry" in the Government, he said, over the level of unemployment, and his idea was backed by other Cabinet members.

"Some 340,000 people have been unemployed for over a year or more and the figures from the Manpower Services Commission show that it is going to rise to half a million

over the next year. We know the long-term unemployed have greater health and mental problems than the rest of society."

Mrs. Thatcher, questioned by Labour MPs, endorsed the Employment Secretary's belief that "a number of unemployed people as well as getting something out of the system would like to put something in and spend some time doing social work. We have had preliminary suggestions to that end and we are pursuing them."

The purpose of any scheme would be to ameliorate the worst aspects of unemployment, particularly among young people, by giving them the opportunity of voluntary work in hospitals and other public-service jobs.

Some cash might be transferred from other departmental budgets to help with administration but there is at present no intention of increasing further the total amount of money available for job-creation schemes.

Mr. James Callaghan, Opposition leader, dismissed the proposal, first mentioned by Mr. Prior at a Commons committee hearing on Wednesday, as irrelevant. He said it was no solution to the growing problem of rising unemployment.

Trades union leaders yesterday dismissed Mr. Prior's idea. Mr. Fred Jarvis, general secretary of the National Union of Teachers, said he thought it "added insult to injury."

Mr. Bill Whitley, general secretary of the shopworkers union, USDAW, said: "The real answer is to provide more permanent jobs in both manufacturing industry and the service sector."

Mr. Prior's remarks on Wednesday came only a few hours after the TUC's powerful economic committee had decided to make unemployment the main theme of its campaign for social and economic advance.

The TUC feels that unemployment is now the most serious issue in the economy, and one on which the Government is on its weakest ground.

It is considering plans to organise unemployed workers, together with pensioners and other sectors of the community not presently catered for by unions.

News Analysis, Page 10; Callaghan attacks Thatcher, Page 11

Labour clash over 'manifesto'

BY ELINOR GOODMAN

THE Labour Party is set for another pre-conference skirmish over the status of the collection of party policies published yesterday by the National Executive as a "draft manifesto."

Immediately dismissed by the moderates as nothing more than a discussion document.

Supporters of Mr. James Callaghan, the party leader, on the NEC are determined to fight off any attempt by Mr. Anthony Wedgwood Benn to put the document to the annual conference.

Discussion on the NEC is likely to centre on the constitutional position of the document. But, in effect, it will be just another manifestation of the battle for power in the party. The question of who should have the final say on the manifesto—one of three constitu-

tional issues splitting the party.

Mr. Callaghan's camp is worried that Mr. Benn may use the package of full-blooded socialist measures published yesterday to gain support for a change in the rules governing the drafting of manifestos at this year's party conference.

This could have a fundamental effect on the future of the party as it would reduce the influence of the leadership over the contents of the manifesto.

Yesterday, Mr. Callaghan's supporters treated the document with studied disdain. The document was not, they insisted, a draft manifesto, as it had not been through the joint meeting of the shadow Cabinet and the NEC which—until the constitution is changed—still has to agree a manifesto.

Dr. David Owen, the Shadow

Weather

UK TODAY
RATHER COOL but warmer in the South and West.
London, Midlands, S.E. and C.S. England, Channel Is.
Bright and dry then cloudy with possible rain. Max 20 C (68 F).
E. Anglia, E. and N.E. England
Cloudy with scattered showers. Cool. Max 15 C (59 F).
S.W. England, Wales, N. Ireland
Cloudy with rain. Brighter later. Max 20 C (68 F).
N.W. and Cent. N. England, Lakes, Borders, Lowlands
Cloudy, sunny intervals. Wind light. Max 17 C (63 F).
N.E. and Cent. Scotland, Orkney
Cloudy, sunny intervals. Cool. Max 14 C (57 F).
Rest of Scotland, Is. of Man
Cloudy, light rain. Cool. Max 16 C (61 F).
Outlook: Unsettled and cool.

Worldwide

	C	F		C	F
Algeria	21	70	London	18	64
Amman	26	79	Madrid	18	64
Athens	26	79	Moscow	18	64
Bahia	26	79	Munich	18	64
Bangkok	26	79	Nairobi	18	64
Batavia	26	79	Paris	18	64
Beijing	26	79	Rome	18	64
Bombay	26	79	Sao Paulo	18	64
Buenos Aires	26	79	Seoul	18	64
Calcutta	26	79	Shanghai	18	64
Cardiff	26	79	Singapore	18	64
Cebu	26	79	Tokyo	18	64
Colon	26	79	Yokohama	18	64
Dakar	26	79			
Dhaka	26	79			
Dublin	26	79			
Edinburgh	26	79			
Hong Kong	26	79			
Imbabura	26	79			
Indonesia	26	79			
Iran	26	79			
Israel	26	79			
Japan	26	79			
Jakarta	26	79			
Johannesburg	26	79			
Kuala Lumpur	26	79			
Lima	26	79			
London	26	79			
Los Angeles	26	79			
Lyons	26	79			
Manila	26	79			
Mexico City	26	79			
Moscow	26	79			
Mumbai	26	79			
Nairobi	26	79			
Paris	26	79			
Peking	26	79			
Rangoon	26	79			
Rio de Janeiro	26	79			
Rome	26	79			
Sao Paulo	26	79			
Seoul	26	79			
Shanghai	26	79			
Singapore	26	79			
Sydney	26	79			
Taipei	26	79			
Tokyo	26	79			
Yokohama	26	79			

CARTER'S FIRST MEETING WITH HUA

Talks add to growing friendship

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

PRESIDENT Jimmy Carter and Premier Hua Guo-feng of China met for the first time yesterday and discussed the Soviet invasion of Afghanistan and the Soviet-backed Vietnamese incursion into Kampuchea.

They met for 75 minutes in the morning during their Tokyo stay for the memorial service to the late Prime Minister Mr. Masayoshi Ohira.

Their discussion was described by a senior U.S. official as "largely symbolic" to the U.S.

Japanese officials dismissed speculation that the meeting

should be related to the building of a U.S.-Japanese-Chinese "alliance."

There was no particular significance in the fact that the two statesmen had met in Tokyo, the official said. He said Japan remained anxious to continue its dialogue with the Soviet Union even while differing from Moscow on important matters of principle.

In a television interview before his meeting with Mr. Hua, Mr. Carter said friendly relations between the U.S., Japan and China provided a means of sharing their "long-range strategic concern to minimise the threat of the Soviet build-up."

This was exemplified by the Soviet Union's unwarranted invasion of Afghanistan and its support for Vietnam's invasion of Kampuchea, Mr. Carter said. But the relationship between Washington, Peking and Tokyo should not be used against Moscow, he said.

Premier Hua told Japanese journalists, shortly before leaving Tokyo yesterday afternoon, that he believed contacts with the West and the Third World would become increasingly important to China.

There was no indication in the Premier's remarks of any intention to create a "special relationship" among selected nations in East Asia in any way different from China's basically friendly relations with Western European countries.

EEC-Japan trade relations were discussed at a meeting yesterday morning between Mr. Wilhelm Haferkamp, EEC commissioner for external relations and Mr. Naohiro Amaya, vice-minister in charge of international affairs at the Ministry of International Trade and Industry.

TOKAI TAKING CHARGE

The decision-maker's decision-maker

TOKAI BANK

Head Office: 21-24 Nishid 3-chome, Naka-ku, Nagoya. Tel.: 052-211-1111 Headquarters: 6-1, Otomachi 2-chome, Chiyoda-ku, Tokyo. Tel.: 03-242-2111 Overseas Network: (Branches & Agencies) New York, Los Angeles, Frankfurt, Singapore, (Representative Offices) Chicago, Toronto, Mexico City, Sao Paulo, Paris, Taipei, Seoul & Sydney, (Subsidiaries) Tokai Bank of California, Tokai Bank of Australia, Tokai Bank of Hong Kong & Shanghai, Tokai Bank of India, Tokai Bank of Japan, Tokai Bank of Korea, Tokai Bank of Malaysia, Tokai Bank of Philippines, Tokai Bank of Singapore, Tokai Bank of Thailand, Tokai Bank of United Kingdom, Tokai Bank of West Germany.

هكذا من الأصل